

R E P O R T

FROM THE

SELECT COMMITTEE

ON

LOAN FUND SOCIETIES (IRELAND);

WITH THE

PROCEEDINGS OF THE COMMITTEE

AND

MINUTES OF EVIDENCE.

*Ordered, by The House of Commons, to be Printed,
24 May 1855.*

Lune, 19^a die Martii, 1855.

Ordered, THAT a Select Committee be appointed to inquire into the Laws affecting Loan Fund Societies in Ireland.

Martis, 17^o die Aprilis, 1855.

Committee nominated:—

Mr. Pollard Urquhart.
Mr. French.
Colonel Denno.
Dr. Brady.
Mr. Bonham Carter.
Mr. Massey.

Viscount Monck.
Mr. Seymour Fitzgerald.
Mr. John Abel Smith.
Colonel Greville.
Mr. Kirk.

Ordered, THAT the Committee have power to send for Persons, Papers and Records.

Ordered, THAT FIVE be the Quorum of the Committee.

Jovis, 24^o die Maii, 1855.

Ordered, THAT the Committee have power to report their Observations, together with the Minutes of the Evidence taken before them, to The House.

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R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the Laws affecting
 LOAN FUND SOCIETIES in IRELAND; and who were empowered to Report
 their OBSERVATIONS, together with the MINUTES of EVIDENCE taken
 before them, to The House;—HAVE considered the Matters to them
 referred, and have agreed to the following REPORT :

YOUR Committee have had before them Witnesses who have explained to them in detail, all the circumstances relating as well to the origin of the Loan Fund Societies as to their present working. The fact of their having been at one time connected with a fund raised for benevolent purposes, has, in the opinion of your Committee, caused many persons interested in them to look upon them rather in the light of charitable, than of commercial institutions, and has so led to many of those abuses to which all institutions of the former nature seem eventually to tend. A great many cases of failure have occurred, which may be ascribed partly to the calamities by which Ireland was overwhelmed in the years 1846 and 1847, and partly also to the lax management of the Treasurers and Trustees of the several Societies, and the lax superintendence of the Board. The altered circumstances of Ireland render it improbable that the former of these causes will recur, and the latter may, in the opinion of your Committee, be to a great extent guarded against by the amendment of existing laws.

Your Committee think it right to draw attention to the evidence laid before them, that the condition of several of the Societies is at the present most unsatisfactory.

Your Committee have heard the opinions of people entitled to respect, who think that any Loan Fund Institutions, however well managed, invariably generate habits of improvidence and reckless speculation among the humbler orders of people, and therefore must, in the long run, be productive of a balance of injurious effects to that class of the inhabitants for whose special benefit they are intended. But on a full consideration of the subject, your Committee are of opinion, that though institutions of this nature cannot be altogether exempted from the evils which seem to attend every system of credit, they may, if properly managed, be rendered productive of a preponderating amount of good; and they cannot contemplate without apprehension the abolition of institutions which circulate a large amount of capital among a class of retail dealers and small farmers, who might perhaps find it difficult to carry on their business without the occasional assistance of the credit thus afforded to them, and which have the advantage of causing the deposits to be profitably expended in the country in which they have been invested.

Your Committee have, therefore, given their best attention to the principles which should be observed in framing such laws for the future management of these Societies as may be reasonably expected to maximise the benefits and minimise the evils likely to arise therefrom; and they are of opinion, that these results will be promoted by enactments that shall have a tendency to secure more regular and business-like attention to their duties on the part of the Treasurers and Trustees of each Society, and the more efficient superintendence of the Dublin Board.

Your Committee are of opinion that, for the attainment of the first of these objects, it is absolutely necessary that security should in all cases be exacted from the Treasurer, as was required by all Acts relating to Loan Fund Societies previous to the year 1843. They think that some amount of security might also be reasonably expected from the Trustees, whose names appear in connexion with each Society, for the sake of inviting the confidence of the public.

While Your Committee note with pleasure the successful efforts of Dr. Madden, the present Secretary of the Dublin Board, to secure the better working of the system, they think it extremely doubtful whether the present Board, consisting entirely of unpaid and irresponsible members, is sufficient for its purpose; and they deem it indispensably requisite that more frequent and efficient inspections of the several Societies should take place.

Your Committee have had under consideration the rate of interest charged to the Borrowers, and the occasional appropriation of the surplus profits to charitable purposes. After taking into account the risk, that in spite of all due care and management, must necessarily attend all small loans, and the proportion which the expenses connected with each loan bear to its average amount, they do not think that the rate of interest sanctioned by the Board is too high. But they object to any unnecessary augmentation of the expenses of the Borrower, either by the imposition of fines, not originally contemplated by the law, or by making harassing demands upon his time, that might otherwise be profitably employed. They would, also, strongly recommend the discontinuance of the custom of appropriating the surplus profits to charitable purposes; such surplus profits, whenever they arise, might, in their opinion, be advantageously employed in forming a reserve fund, in aid of the expense of the Board; and wherever they continue to accumulate, after forming a sum sufficient for this purpose, the charges upon the Borrowers should be lowered to whatever amount experience may show to be sufficient to pay all necessary expenses.

24 May 1855.

 PROCEEDINGS OF THE COMMITTEE.

Luna, 23^a die Aprilis, 1855.

MEMBERS PRESENT:

Mr. Pollard Urquhart.	Mr. Kirk.
Dr. Brady.	Mr. Massey.
Mr. French.	Mr. Bouham Carter.

Mr. POLLARD URQUHART was called to the Chair.

The Committee deliberated.

[Adjourned to Monday next, at Twelve o'clock.

Luna, 30^a die Aprilis, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. French.	Mr. Kirk.
Mr. J. Abel Smith.	Dr. Brady.
Colonel Dunne.	Mr. Massey.

Mr. Richard R. Madden examined.

[Adjourned to Thursday, at One o'clock.

Jovis, 4^a die Maii, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. French.	Dr. Brady.
Mr. Kirk.	Colonel Dunne.

Mr. Richard R. Madden and Sir John Kingsmill examined.

[Adjourned to Monday next, at Twelve o'clock.

Luna, 7^a die Maii, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. French.

Mr. Kirk.

Colonel Dunne.

Mr. J. A. Smith.

Colonel Greville.

Mr. John Tidd Pratt, Mr. Francis R. Bertolacci, and Mr. Richard Robert Madden, M.P.,
examined.

[Adjourned to Thursday next, at Twelve o'clock.]

Jovis, 10^a die Maii, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. Kirk.

Mr. French.

Colonel Greville.

Colonel Dunne.

Rev. Charles King Irwin examined.

[Adjourned to Tuesday, at One o'clock.]

Martis, 15^a die Maii, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. Kirk.

Dr. Brady.

Mr. French.

Colonel Dunne.

Mr. John A. Smith.

Colonel Greville.

Mr. F. R. Bertolacci examined.

The Committee deliberated.

[Adjourned to Tuesday next, at One o'clock, to consider Report.]

Martis, 22^a die Maii, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. J. A. Smith.

Dr. Brady.

Mr. French.

Mr. Kirk.

Report, proposed by the Chairman, read 1^o, 2^o.

[Adjourned to Thursday, at Two o'clock.]

Juris, 24th die Mensis, 1855.

MEMBERS PRESENT:

Mr. POLLARD URQUHART, in the Chair.

Mr. French.
Dr. Brady.

Mr. J. A. Smith.
Colonel Greville.

Proposed Report, considered paragraph by paragraph, amended, and agreed to.

Question, "That this Report, as amended, be the Report to The House," put, and agreed to.

Question, "That the Minutes of Evidence be reported to The House," put, and agreed to.

Ordered, To Report.

EXPENSES OF WITNESSES.

NAME of WITNESS.	PROFESSION or CONDITION.	From whence Summoned.	Number of Days absent from Home, under Orders of Committee.	Expenses of Journey to London and back.	Allowance during absence from Home.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Dr. Richard E. Madden	- - -	Chairman -	8	5 - -	8 0 -	13 0 -
Sir John Kingdon	- - -	Chairman -	5	7 - -	8 5 -	12 5 -
Ser. C. K. Lewis	- - -	Chairman -	5	9 10 -	8 5 -	14 5 -
					£.	45 5 -

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Lune, 30^e die Aprilis, 1855.

MEMBERS PRESENT:

Mr. Urquhart.
Mr. French.
Mr. Kuk.
Mr. John Abel Smith.

Colonel Dume.
Dr. Brady.
Mr. Massey.

WILLIAM POLLARD URQUHART, Esq., IN THE CHAIR.

Richard Robert Madden, Esq., called in; and Examined.

1. Mr. French.] YOU are Secretary to the General Loan Society in Dublin? —I am.

*R. R. Madden,
Esq.*

2. You succeeded Mr. Piesse?—I did.

3. Have you discharged the duties of that office for some years?—Since March 1850.

30 April 1855.

4. Have you turned your attention generally to the system of Loan Funds, as well as to the uses and abuses of them?—I have.

5. The system is not a new one, tried for the first time by way of experiment in Ireland, is it?—The present system is not.

6. It is a system as to which a good deal of experience has been had in foreign countries?—Yes; I presume it grew out of an Italian system called the "Banco dei Poveri."

7. In Lombardy it was carried on to a considerable extent, and afterwards it extended to Holland?—Yes, but its origin was in Italy; it was a charitable institution.

8. It was a good deal opposed, was not it, by one of the religious societies in Italy, the Franciscans?—Yes; the system of "Banco dei Poveri" was opposed by the Franciscans, but the Dominicans supported the "Banco dei Poveri," which was a charitable institution; a new system sprung out of that establishment, set up by the Lombards; that was a usurious banking society, a sort of pawn-broking system on a very large scale.

9. From Italy it was introduced into Holland?—Yes, the Lombard system was.

10. And a large loan bank was flourishing in 1661 at Amsterdam?—Yes.

11. Do you know the rate of interest which they lent at that time?—They lent at various rates of interest, and, as invariably happens, the poorest people always paid the largest rate of interest.

12. That is the same objection that has been urged against the system in Ireland?—It is.

13. For loans under 100 florins they paid a penny a week for each florin, did not they?—Yes.

14. And 6 per cent. was charged on any loans from 100 to 500 florins?—Yes; for large loans they paid a good deal less than for small loans.

15. *Chairman.*] Do you know what was the ordinary rate of interest in Holland at that time?—I am not competent to state it.

16. Mr. French.] How was this money lent?—By the Lombards it was lent on pledges, but that was not the case originally.

17. Was the money issued in hard coin, or in promissory notes of hand?—Sometimes; when in large sums it was issued on promissory notes, which were discounted.

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18. And

R. R. Madden,
Esq.

30 April 1835.

18. And they were circulated something like our bank paper, were not they?
—Yes.

19. Has the system ever been introduced into this country?—Yes; there was an Act in the reign of Queen Anne, called "The Benefit Societies Act;" there was an approach to the introduction of the system in that Act.

20. The system was introduced into Ireland by Dean Swift, was not it?—Yes.

21. He placed the sum of 500 *l.* under the direction of certain persons to be lent out?—Yes; he made loans to poor artificers of Dublin, which were of great benefit.

22. Was there any limit to those loans?—They were generally under 10 *l.*

23. That was followed up by the "Musical Society," was not it?—It was.

24. They lent from 3 *l.* to 5 *l.*?—They lent pretty much upon the same system as Dean Swift.

25. There was a great deal of money advanced for many years, was not there?
—Yes, and a great deal of good was done.

26. I think the "Musical Society" was established under the Act of 1756?—It was not incorporated by Act of Parliament for Loan Fund purposes then.

27. Afterwards, in 1770, there was another Act by which that society was incorporated?—There was another Act regulating, to some slight extent, the loan fund system.

28. Matters then stood till 1823, without any fresh legislation?—They did.

29. And in the year 1823, being the year after a severe famine in Ireland, there was a large sum of money subscribed for the relief of the distressed Irish, which was vested in a committee sitting in London?—Yes.

30. The chairman of that committee was Mr. John Abel Smith, a Member of this Committee?—Yes.

31. Do you remember what amount of money was subscribed?—I can tell the exact amount by referring to my papers: it was upwards of 300,000 *l.*

32. There was a large surplus remaining in the hands of those gentlemen after their accounts were closed, and the famine had ceased?—Yes, about 40,000 *l.*, which was eventually increased to about 55,000 *l.*, applied to Irish Reproductive Loan Funds.

33. They sent over to Ireland this money, vesting it in trustees for the benefit of 10 distressed counties, did not they?—Yes.

34. Do you remember what counties they were?—Clare, Cork, Galway, Kerry, Leitrim, Limerick, Mayo, Roscommon, Sligo, and Tipperary.

35. Was the 40,000 *l.* the foundation of the present loan-fund system in Ireland?—No; that was the Reproductive Loan Fund.

36. The Act of 1823 obliged the societies to be registered with the Clerk of the Peace, and protected implements of husbandry lent under this money, advanced to the county trustees, from seizure?—Yes; it was a very slight regulation of the loan-fund system which was in existence.

37. Colonel Duane.] What was the first Act of Parliament in Ireland, regulating Loan Funds at all; I understood you to say, that in the time of Dean Swift and subsequently, there were certain Loan Funds established by private individuals?—Yes, they were not under any Government control.

38. When was the first time that the Government began to interfere and prescribe rules for them?—In 1756, the Irish Parliament passed an Act, which gave some very slight protection to Charitable Loan Funds in operation; in 1780, the Charitable Musical Society, in connexion with Loan Fund purposes, was incorporated by an Act of the Irish Parliament. The next Act was in 1823; the object of that new Act was only to protect the funds of such institutions, and encourage the extension of them.

39. When was the next Act?—The next Act was in 1836, brought in by Mr. French.

40. Up to 1836, had any money been advanced by the Government for the purpose of assisting Loan Funds?—The surplus of the Relief Fund was applied to that purpose.

41. In 1822 the subscription was made for the relief of the famishing people of Ireland. The amount collected was 331,081 *l.*

42. In what year was the surplus of that fund applied to the purpose of forming Loan Funds?—A committee was formed in London for superintending the application of the funds, and after appropriating a large amount for the suffering poor, they applied the residue towards a reproductive fund.

43. What

43. What was the amount of the residue?—It eventually amounted to 55,181*l.*, I think the first amount was 40,000*l.*

44. And then subsequently, the remainder was advanced?—Yes.

45. Were there many private Loan Funds at that time in Ireland?—A great number.

46. Were those private speculations or charitable institutions?—A great many of them were under charitable institutions, such as the "Musical Society."

47. Was this the first time as connected with a public subscription, that money had been advanced for this purpose?—I think so by the Government.

48. Was this strictly advanced by the Government?—It was not strictly advanced by the Government; it was the residue of the Relief Fund.

49. And in fact, the Committee who represented the subscribers to the Relief Fund, adapted it to this purpose?—They did.

50. And then it became subject to legislative interference?—It was done with the concurrence of the Government, but I do not think there was any government control over that reproductive fund.

51. Have the Government, strictly speaking, advanced from the national purse, anything to assist Loan Funds?—I think not.

52. *Mr. French.*] You stated that this money was sent over in 1823, and applied to the carrying out of Loan Funds under this reproductive system, are you aware that the Loan Funds were not formed in 1823, and that money was lent to certain trustees of each of the 10 counties, to advance in any manner they thought fit, for the advantage of the people?—That was the machinery.

53. Afterwards, a great portion of this money was appropriated to carrying out the Loan Fund system?—A portion of it was.

54. In 1838, the Government brought in a Bill to amend the Act which had been introduced by me?—They did.

55. Will you state what the object of the Act brought in by me was?—It established a Loan Fund Board, and directed the different societies for the first time to correspond with the Loan Fund Board; it gave the Loan Fund Board a control over those societies.

56. *Colonel Dunne.*] It established the Board, did it?—It did.

57. *Mr. French.*] It directed the rules to be revised and certified by a barrister?—Yes; it gave power to the Board to appoint their own officers; but, strange to say, it does not specify any mode of paying them.

58. And I believe it obliged the societies to devote the surplus, after the legal interest of 6 per cent., to charitable purposes?—It enabled them to appropriate the Loan Fund profits to charitable purposes without any reference to the Board.

59. It prevented the managers putting them into their own pockets?—Yes.

60. *Colonel Dunne.*] Are the Committee to understand that this Act empowered the local managers of Loan Funds to devote those profits as they wished?—Yes, it authorized them to do so.

61. *Mr. French.*] Was there any central supervision by inspectors contemplated in that Act?—Yes, the Act says the Board may appoint inspectors and other officers.

62. But it did not reserve the means of paying them, you say?—No; in the Act now spoken of, the rate of interest was established at 6*d.* in the pound for 20 weeks.

63. In the Act of 1838, the Government exempted all the Loan Funds that were in connexion with the Irish Reproductive Loan Funds Institution from the operation of this Act, did not it?—Yes, by the 26th section.

64. Was that done with the assent of the Commissioners in Dublin?—No; it was done in spite of their remonstrances against it.

65. What did the 26th section of the 1st and 2d Vict. c. 78, do? What was the result upon the system?—The 26th section exempts Loan Funds in connexion with the Irish Reproductive Loan Fund Institution, under the 4th of Geo. the 4th, and the 10th Geo. the 4th, from all control of the Loan Fund Board.

66. *Colonel Dunne.*] Was there any distinction between the Reproductive Loan Funds, and any other Loan Funds?—Yes; the Reproductive Loan Funds were formed out of the residue of the surplus Relief Fund, which was the subscription of 1822. Under Mr. Hyatt's management, that sum of 55,000*l.* was invested in Loan Funds.

67. The word Reproductive only applies to those Loan Funds which were established from that surplus fund of 1822?—Yes, in connexion with the London Board, in contradistinction to the Irish Board.

*R. R. Madden,
Esq.*

30 April 1855.

R. R. Madden,
Esq.

30 April 1855.

68. When the Bill of 1838 was brought in, it was made applicable to other Loan Funds in Ireland, but not to the Reproductive Loan Funds?—They were specially exempted.

69. Mr. French.] Do you attribute injurious consequences in the working of the system to that exemption?—I was not then in connexion with the institution, but it was the opinion of the Board, and of the Secretary at the time, that that exemption was the cause of great mischief to the Loan Fund system.

70. Colonel Dimes.] Was there any remonstrance made at that time?—There were several.

71. By whom?—By the Loan Fund Board.

72. Without effect?—Without effect.

73. Did they continue exempt?—They have now ceased altogether; till the cessation they did so; they were ordered annually to give an account to the Loan Fund Board of the number of their societies.

74. Mr. French.] Mr. Hyett took strong steps to prevent those societies communicating or connecting themselves with the Central Board, did not he?—He did.

75. I believe he wrote to the trustees to say, that if they did put themselves in connexion with the Board, all the money lent to them from that society should be withdrawn?—The Board was informed to that effect by several of the managers.

76. Colonel Dimes.] Will you state the terms on which this 55,000 £. was lent?—The money was advanced by the London Committee for the purpose of investing in Reproductive Loan Funds to certain committees in the 10 counties.

77. Were those committees obliged to return any surplus to the London Committee, or to repay the first advance; or was there any interest upon it to be paid to the London Committee?—They were accountable to the committee in London for the use they made of those funds, and they were bound to restore those funds at some future time.

78. Was there any mode appointed in which they should restore them, or was there any interest expected for the use of that money?—I am not aware of that.

79. Mr. French.] I suppose the Board lent this money from charitable motives?—I am quite convinced they did it with the view of benefiting the people of Ireland.

80. And they only retained in their hands such a supervision as they thought necessary, for the purpose of seeing that the money was laid out for the purposes intended?—They retained some portion in London for the purpose of management, which I believe was not accounted for in the yearly reports.

81. Have you a copy of any of the reports or accounts given by the Irish Board to the English Board?—I have one of the Reports; the Report for the year 1836 (*producing the same*).

82. Colonel Dimes.] Will you state, from the time of the first grant, as a Loan Fund, up to 1836, what proceedings took place?—This Report will give a full statement of those circumstances.

[*The Report was read, as follows:*]

1836.

The Board of Directors, nominated in accordance with the foregoing resolutions, feeling it to be their duty to report from time to time the result of their proceedings, deem the present to be a favourable opportunity for giving publicity to their second statement.

It has been shown, by accounts previously furnished, that at the commencement of their undertaking some difficulties were encountered. First, from the jealousy and suspicion with which anything like innovation was regarded by the inhabitants of remote districts; and secondly, from the circumstance, that the distribution of gratuitous relief rendered persons unwilling to believe that repayment was expected or would be enforced; some losses were consequently sustained. A steady perseverance, however, in carrying into effect the prescribed rules and penalties, in due time, established the fact; and the experience of the working of the system has brought with it a conviction that the advantage of possessing a permanent fund, to which the residents may at all times resort for aid, is more than commensurate with any that could be hoped for or derived from the casual supplies of adventitious charity.

The grant appropriated to this object was originally 40,000 £., but a considerable addition being made in 1824 from balances that remained in the hands of some committees in Ireland after the cessation of the distress, the sum finally confided to the care of the county trustees amounted to 55,107 £.

The accumulation of interest that has accrued down to the present period have sufficed not only to replace the deficiencies alluded to, and defray all the contingent expenses, but also to realize a net profit of 4,424 £.

The

The Directors have the satisfaction to add, from the concurrent testimony of their local friends, whose zealous co-operation they duly appreciate, and thankfully acknowledge, that with the increase of the fund, the condition of the recipients has also proportionably improved.

Some modification of the rules which regulate the details of the system, may yet, it is probable, be advantageously adopted; but the Board confidently congratulate the promoters of the measure upon the fact, that the soundness of the principle has been successfully established; and they have every reason to hope, that while it continues to be applied with zeal and vigilance, the institution will furnish the industrious with the means of profitable employment, and generally promote the welfare and advance the moral condition of those classes of society for whose benefit it was originally designed.

The Directors cannot close this report without expressing their strong and unanimous sense of the valuable services rendered by their manager and secretary, Mr. Hyett, in promoting the success of this interesting undertaking.

John Smith, Chairman.

R. R. Madden,
Esq.

30 April 1855.

83. You say there was an objection to the exemption of the Reproductive Loan Fund, from the supervision of the new Board established by the Act of 1838?—There was an objection on the part of the Reproductive to coming under the management of the Board in Dublin.

84. Did the Irish managers object to that?—There were two societies; we will call one of them, for the sake of clearness, the London Board; that was the Board of which Mr. Abel Smith was Chairman. The societies which became connected with the Central Board in Dublin had subsisted for some time before the Reproductive Society.

85. Who was it objected?—The Reproductive; Mr. Abel Smith and Mr. Hyett objected to the Central Board having anything to do with it.

86. Did the Central Board object?—They objected to the exemption in the Act.

87. Mr. French.] The Act which is at present in force, under which Loan Societies are regulated, is the 6 & 7 Vict., c. 91, is it not?—It is.

88. Will you state to the Committee what the provisions of that Act are?—The most important change made by the Act of 1843, was the reduction of interest from 6 d. to 4 d. in the pound, for 20 weeks.

89. Colonel Duesse.] Will you in the first place describe the effect of the Act of 1836, and the alteration which it made in the Act of 1823?—The Act of 1836 established a Central Board in Dublin; the members were to be appointed by the Lord Lieutenant; that Board was to direct and control the Loan Funds throughout the country; the Act gave the control and direction to the Central Board in Dublin over all the Loan Funds throughout Ireland. It directed that all the rules should be certified by a barrister appointed by the Board; it gave the Board the power of nominating its own officers, but did not provide for their payment; it limited the interest to 6 d. in the pound for 20 weeks; it enabled the managers, without any reference to the Board, to appropriate the surplus monies to charitable purposes. In 1838 there was another Act, amending the former, and extending it. The 23d section provided for the appropriation of surplus profits in supporting hospitals or infirmaries, or other local charitable purposes, and still left it in the hands of the managers. The 26th section exempted the Loan Funds in connexion with the Irish Reproductive Loan Fund Institution, from the operation of that Act; these are the chief provisions of that Act.

90. Things went on in that way for some time; what was the next Act?—The next Act was in 1843; that is the Act now in operation, the 6th & 7th Vict. c. 91.

91. What are the provisions of that Act?—It regulates the mode of convening and constituting the Central Board; it fixes the number of three members to form a quorum; it places the appointment of members in the hands of the Lord Lieutenant; it gives a power of control over all Loan Fund Societies under the authority of the former Acts to the Board, with certain exceptions; it empowers the Board to pay money for its necessary expenses; the mode of doing that is by charging on promissory note to be issued by the societies 1 d. for each note, and 1 s. for each debenture.

92. Did that Act give power to the Lord Lieutenant to interfere with the funds?—In the shape of a power of appeal to the Lord Lieutenant; it gave power to raise money on debentures and to receive deposits, grants and bequests.

93. Mr. French.] Did it empower them to raise money themselves at 5 per cent.?—Yes; and it gave a power of appeal to the Lord Lieutenant to the
o.38. managers

R. R. Nodden,
Esq.

30 April 1855.

managers of local societies against the decision of the Board, or in the event of the refusal of the barrister to certify the proposed rules.

94. Did not it prohibit the treasurer or the trustees from having any advantage from the fund?—Yes, any pecuniary advantage.

95. And it obliged the treasurer and officers to give security?—Yes, if the Board called for it; it does not oblige the Board to ask for security.

96. *Chairman.*] Did not they pay interest on the whole of the sums originally lent?—That is deducted from the original amount. The Act prohibits the treasurer, trustees and managers from deriving any profit from the funds of the societies; it vests, in case of failure or default, the appointment of new trustees for the investment of the property in the Secretary of the Board; it obliges the treasurer and other officers of Loan Funds to give security when called on by the Board to do so; it obliges trustees to account to the Board for the money in their hands, or any property, under a penalty of 10*l.*; it prescribes the form of promissory notes, debentures and bonds; it enables the Board to charge 7½*d.* in the pound on monthly loans; it provides that that loan shall not be called for for a period of 27 clear days; it prohibits the Loan Fund business being carried on in public-houses or taverns; it directs annual accounts to be furnished to the Board, and annual accounts to be furnished by the Board to Parliament; it provides that the surplus funds of Loan Societies shall only be appropriated with the sanction of the Board (that was for the first time introduced), and that those grants shall be made for charitable and useful purposes in the district of the said society; that no grant shall be made till 1-10th of the clear net profits shall have been first deducted; it provides, in case of violation of rules, for the gazetting of the society by the Board, the appointment of a receiver, and the investment of all the assets of the bankrupt fund in the Secretary for the time being; I think those are all the provisions of the Act.

97. *Mr. French.*] Do you consider, generally speaking, this system of advancing money in small sums to poor people, and taking it back by weekly repayments, is advantageous to very small dealers?—I think, where the societies are well managed, it is peculiarly beneficial to small traders, more so than to agricultural labourers.

98. Will you give your reasons for considering that it acts beneficially to small traders?—I think larger profits can be realized by small traders; I think, as they live in the locality of the Loan Fund, the time is not lost in going or in bringing sureties which is lost so largely by agricultural labourers, who may have to come a distance of eight or ten miles, and who must perhaps treat the persons who come as securities for them.

99. The societies act as a sort of deposit banks for the weekly receipts of those people?—Yes, deposits are received.

100. Do you consider it is an advantage to tradesmen to have an opportunity of purchasing materials or tools used by them in their trades by means of Loan Funds?—That is one of the greatest advantages of the system.

101. Is it advantageous to small farmers, in your opinion?—I think not to the extent that it is to small traders in towns.

102. Do you think it is an advantage to the labouring class, by enabling them to purchase pigs or poultry which they can feed, in a great measure, from the offal supplied in their cottages?—Yes, I think it has been very beneficial in that way, enabling labouring people to buy pigs and poultry.

103. Do you think it affords any other advantage to the lower class by enabling them to deal with ready money; in shopping, for instance, can they get a better description of material, or do they get it cheaper by reason of having ready money?—I think they pay a very heavy rate of interest for the accommodation which they get.

104. Suppose the case of a man borrowing 10*l.* for 20 weeks, under the present system, what would be the sum which would be overpaid by him by the time the payments were completed over and above the regular interest that would be due?—The rate of interest on the money they receive and pay by weekly instalments, would be about eight and a fraction per cent; on the monthly loans it would be upwards of 13 per cent. There are a great many things to be taken into consideration, in respect to the use which they have of the money; they pay so much of it every week. If a man borrows 10*l.*, by about the tenth week he will have only about 5*l.* 16*s.* in his hands.

105. The calculation which I have is, that taking into consideration the
reduction

reduction of the principal, and the gradual re-payment by instalments, it may be taken to be about 13 per cent. ?—On the monthly loans it is 13 per cent. and a fraction.

106. The calculation in my hands states, that for 10*l.* borrowed for 20 weeks, the entire overplus paid by the borrower is only 1*s.* 2*d.* ?—I can hardly think that can be correct.

107. *Dr. Brady.*] Suppose I want to borrow 10*l.* from the Society for 20 weeks, and I pay it back by monthly instalments, how much would be deducted from that 10*l.* in the first place?—Four-pence in the pound for 20 weeks, but there would be other deductions; there would be 1*s.* for the card, and 1*s.* for the note; and 1*s.* for application paper.

108. Does the party paying in weekly instalments pay anything at that time; does he pay anything when paying in the instalments?—He pays nothing but the interest and the price of the papers, when he gets the loan.

109. *Mr. Kirk.*] Will you be kind enough to state to the Committee the practical working of three loans; will you state the manner in which they are lent, the sum of discount charged for the loan, and the modes and times of re-payment for three separate sums of 2*l.*, 5*l.* and 10*l.*?—I have such a calculation here. With respect to the cost of loans to the societies, and the profits derived from them, I have made a calculation for a loan payable by weekly instalments, the amount being 3*l.*, returnable in 20 weeks: first of all there is the cost of the loan to the society which makes it; the interest to the depositors at the rate of 5 per cent. upon the 3*l.* for 20 weeks, is 1*s.*; there are the charges of management, including the salaries of the clerks, rent, law expenses, notes and debentures, 10*s.*; the cost to the society will be 1*s.* 10*d.* for making the loan; the receipts by the society for the loans from the borrower would be as follows: for application paper, 1*s.*; for card, 1*s.*; for note, 1*s.*; discount at the rate of 4*d.* in the pound on 60*s.*, 1*s.*; the whole of that would be 1*s.* 3*d.*; there would be an apparent loss of 7*d.* on that loan to the Society at the present rate of interest; the interest was reduced by the Act of 1843 from 6*d.* to 4*d.*

110. *Mr. John Abel Smith.*] Upon what rate do you calculate the 1*s.* interest to the Society?—Five per cent.; there is an apparent loss on such a loan, of 7*d.*; that loss is made up by illegitimate sources of revenue, excessive fines, and taking pre-payments.

111. *Mr. French.*] For what are the fines imposed?—For default in paying the weekly instalments.

112. What amount of fine is imposed in the case of a loan of 3*l.*, for the omission to pay an instalment?—One penny for the first fine, and 2*s.* for the next; instead of limiting themselves to 3*s.* some societies go on fining with a view of deriving additional revenue.

113. Does the rate increase?—In some societies the rate goes even beyond that.

114. *Dr. Brady.*] Are the law proceedings expensive?—They are in some badly managed Societies, they go to a great extent.

115. *Mr. Kirk.*] Having stated how the money is lent, will you be so kind as to state to the Committee how and when the money is repaid?—It is repaid by weekly instalments for the whole 20 weeks.

116. Of equal amount?—Of equal amount.

117. That would be 3*s.* a week, I presume?—Yes.

118. The 3*l.* loan lent for 20 weeks is repayable by instalments of 3*s.* per week?—Yes.

119. Will you now be kind enough to state whether there are any fines in consequence of default of those payments, and whether they are alike on each default, or whether they increase as the default progresses?—If the Society follow the directions of the Board for the first default they charge a fine of 1*s.*, for the second default, they impose a fine of 2*s.*, and then they proceed for the recovery of the loan altogether.

120. *Mr. John Abel Smith.*] Is the fine in proportion to the amount of the loan?—No, it is the same in all cases; they would be then bound to proceed for the recovery of the loan, but they do not do that in general.

121. *Mr. Kirk.*] Will you state what the Societies actually do in the way of fine; whether, after imposing two fines, they proceed, or whether they continue to impose fine after fine?—Many societies continue to impose fine after fine, and there is no regular and uniform practice in the different societies; some will impose 1*s.*, some 2*s.*, and some even 3*s.*

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122. Are not those charges an important source of profit to the Societies?—They are.

123. Mr. John Abel Smith.] The 4 *d.* in the pound, which you charge as discount upon the advance of the money, is calculated, as I understand it, upon the supposition that the loan is repaid in 20 weeks?—Yes.

124. The loan, practically, is repaid in a much shorter period, inasmuch as it is assumed to be repayable by instalments?—Yes.

125. I understand you to say, that though the rate of interest charged to depositors on a loan is not higher than that authorised by law, they practically pay a much higher rate of interest than was intended, by means of the fines and charges which are imposed by the various Boards subordinate to the General Loan Fund Board?—In badly managed Societies, which form a large portion of the whole of the Societies in connexion with the Board, an illegitimate revenue is derived from excessive fines, from taking pre-payments, and from heavy charges for cards and papers, which enormously increase the expense of the loan to the borrower, and far beyond the rate of interest contemplated by the Act; I have known it to bring the expense of the accommodation to upwards of 20 and 25 per cent.

126. Mr. Kirk.] With reference to an answer which you gave as to the benefits derived by agricultural labourers from, say a loan of 3 *l.*, I think you mentioned that it enabled a man to purchase a pig or poultry?—Yes.

127. Supposing a person of this class borrows 3 *l.* from the Loan Fund, is it not the practice for him absolutely to pay the first instalment the very day he gets the loan?—My impression is, that the discount and charges only are stopped out of the loan the first week; those charges would make the sum he would take away 2 *l.* 18 *s.* 9 *d.*; that is the amount which would be in his hand at the end of the first week.

128. Supposing this man lives a distance of four miles from the institution, has he not to bring in two sureties with him, in order to enable him to obtain this loan?—He has.

129. Those two sureties, as a matter of course, must be paid for their loss of time?—It is very likely.

130. Would it not generally consume the whole day, or the greater portion of the day, for those three men to walk to the office of the Loan Fund, borrow 3 *l.*, and return home again?—Yes; I have already stated that I think it is a great evil.

131. And then the borrower has to return upon one day of each week, for the succeeding 20 weeks, to repay the 3 *s.* per week?—Yes.

132. What are the hours during which the offices are open?—They are generally open in the day—in the forenoon.

133. From 10 to 2, is it not?—There is no certain hour; every Society has its own custom.

134. They are not open in the evening?—I think I never knew one open in the evening.

135. Referring to your former answer, do you think any little economy which the offal of a house might produce for the feeding of a pig, would compensate that man for the day which he loses every week in repaying this money thus borrowed?—It would depend upon the distance at which he lives from the office.

136. I am supposing the average distance to be four miles?—I think he would not be benefited by the loan as much as a man living close to the office of the Loan Fund.

137. Would he be benefited at all?—In many cases I think he would; from the evidence of letters which I have seen, the parties consider that they frequently are benefited by these loans.

138. Mr. John Abel Smith.] Can you tell the Committee the number of Loan Funds established in Ireland?—There are 115.

139. Do you know the aggregate or the average amount of the fund under their distribution?—I will supply that information.

140. The whole of the funds at their disposal are funds collected from private individuals in the way of deposit, for which each Loan Fund Board pays a certain rate of interest?—Yes.

141. It is principally, if not wholly, raised by debentures issued by each Board

Board to such depositors or lenders?—Debentures when the sum is above 20 l.; deposit receipts when the sum is under 20 l.

142. Do you believe that those debentures represent in all cases, the money actually advanced, or is there any arrangement between any of the Boards and the depositors, by which smaller sums than the debentures actually represent, have been paid?—Cases of that kind have come under my knowledge in bankrupt societies.

143. There have been fraudulent debentures issued?—Yes, by debentures issued by clerks to themselves and their friends.

144. Without the cognisance directly or indirectly of anybody at the Board?—On account of the neglect of duty of the managers.

145. Is there any general system of inspection of those Boards?—There is.

146. How is that managed?—The inspector is appointed by the Government; he is supposed to be under the control of the Board, under the direction in fact of the secretary.

147. How often does he visit those 115 societies?—I thought the inspections were greatly neglected when I joined the institution.

148. Do you believe that the practice has improved since?—Yes, very greatly.

149. Can you tell us the system laid down for inspection now?—I have had new rules framed for the present inspectors; the Board found it necessary to recommend that the two previous inspectors should be dismissed, one for very culpable neglect of duty, and the other for incompetency.

150. What is the salary of the inspector?—£. 300, but he has to pay his own travelling expenses.

151. Can you tell the Committee generally, what the system of inspection is?—Yes; the inspector now is expected to inspect the whole of the societies in the year; formerly that was not the case; I found societies that had not been inspected for three years, and some for two years.

152. Inasmuch as there are only about 300 days in the year on which business is transacted, is it possible for one man to inspect in a year, 115 societies, and look over the accounts accurately?—I think it is.

153. They are scattered from one end of Ireland to the other, are not they?—No, not exactly so; in some counties there are none at all; in the north of Ireland there are a great many.

154. And there are some in the south?—And there are some in the south.

155. Dr. Brady.] Is it your opinion, that improvidence is created or encouraged by these societies?—It depends entirely upon the management.

156. As regards the borrowers, do you think there is improvidence upon their part when they receive the money; does it make them less provident than they otherwise would be?—No, I think the tendency is to give them more thrifty habits, and make them more punctual; that is one of the greatest advantages in the system.

157. Chairman.] You said just now, that small traders derive great advantage from the societies; could those small traders obtain advances from the ordinary commercial banks of the country at all?—They did at one time, and they paid enormously for them.

158. Did they get advances at as reasonable a rate of interest as they pay to Loan Fund Societies?—No, they were charged very high.

159. The rate of interest of course varies according to the security, do you think the rate of interest charged by Loan Fund Societies is very high, considering the risk they run?—Compared with what the parties paid formerly the rate is exceedingly small.

160. Do you mean before the Loan Funds were in existence at all?—Yes; or even where Loan Funds exist which are not connected with the Board; I have heard that as much as 1 s. in the pound for a month has been paid; as much as 2 s. in the pound for a month has been paid; as much as a penny on a shilling for a week has been paid; that rate of interest would be enormous; it would be varying from 60 to upwards of 200 per cent.

161. Before the establishment of these Loan Fund Societies there was a great deal of usury practised throughout the country, was not there?—Yes; it was to counteract that that these societies were formed.

162. Do you think these societies have tended to counteract it?—To a great extent I think they have.

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163. Did

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163. Did the usurers, in addition to charging a high rate of interest, frequently have recourse, in connexion with their business, to all sorts of villainous practices?—The usurers were always small shop-keepers, and if persons did not deal with them, and pay them high for their goods, they would not give them any accommodation.

164. You said just now that occasionally small shop-keepers and small farmers were charged very high; was that by banks or by usurers?—By usurers.

165. In short, banks would scarcely find it worth their while to make such small loans at all, would they?—They used in some cases to make loans of 10*l.*, but now, I understand, since the Stamp Act has been changed, small loans are frequently made by banks at a much lower amount than they used to be.

166. Would they make loans now as low as 3*l.*?—I think not under 10*l.*

167. I suppose it would scarcely do for them to make loans to agricultural labourers with two or three acres of land?—They do it now to some extent on character, on the Scotch system; it is worthy of consideration that the practice is getting into use, and rather interferes with the Loan Funds.

168. If the Loan Funds did not exist, do you think the banks would supply their places so far as accommodation to small shop-keepers and small farmers goes?—No; they would not lend sufficiently small sums; the average of the loans is from 2*l.* 10*s.* to 3*l.*

169. Are you aware whether bankers require the endorsement of the agent or under-agent of the estate whose tenants receive the accommodation of that bank?—I do not know.

170. Were you at the meetings of the Board in 1851 and 1852, at which they expressed an opinion that some Parliamentary or Government inquiry was necessary in consequence of the inadequacy of the present local machinery, and the existing legislative control?—Yes, I was.

171. Will you state the facts which induced the Board to express that opinion?—After my appointment in March 1850, I found there were a vast number of these societies failing, and had for some time previously failed; a great deal of money was lost to depositors. I found that by any means at the disposal of the Board, of a legal kind, it was very hard to control the managers, or to have anything like a uniform system of management. I found, practically, when I endeavoured to get opinions from our law officers as to the liability of managers, the result of the different cases I put to them was to the effect that we had not the power of enforcing the Board's general rules, unless there were a direct violation of the Loan Fund Act, or some other Act of Parliament. I brought this matter before the attention of the Board on various occasions, and this was the result.

172. It was in consequence of those representations made by yourself, after your first year's secretaryship?—It was, to some extent.

173. You say many Loan Funds had failed; have you any list of the number of Loan Funds which have failed since the passing of the Act of 1843?—Yes.

174. Will you be kind enough to put it in?—(*The same was put in.*)

175. How was that information obtained?—In my office as secretary, I drew it up by order of the Board.

176. How did you get the information?—From the records of the office.

177. Mr. John Abel Smith.] What does that paper purport to be?—It purports to be an account of all the societies of which we had cognisance which failed.

178. Do you mean became bankrupt and were closed?—Yes.

179. *Chairman.*] In what year did the failure of the first societies which did fail take place?—This is made out from the beginning of the operation of the Act of 1843.

180. Had many failures taken place before you were appointed secretary in 1850?—Yes, a vast number, as the consequence of the famine.

181. Were there any special reports made upon any of those which failed before you became secretary in 1850?—Yes, several.

182. Was there any suggestion made that there should be greater control over them, or more frequent inspection?—At the time I was there, I endeavoured to have greater control over them, and to make more frequent inspections.

183. Were any such suggestions made before 1851, when the Board expressed their opinion that some inquiry was necessary?—I believe the Board did their duty as well as they could to prevent abuses.

184. Were any suggestions made by your predecessor, or by the Board, that
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more frequent inspection was necessary, and that security should be taken from the officers?—Yes; I have seen a great many communications from my predecessors to the inspector; but I think they did not produce much effect.

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185. Who was the inspector?—A Mr. Garrett.

186. Is he still inspector?—No, he is not now; I sent him down to inspect a society which I had some suspicion of as not being in a good state, and when I went down I found that he had made a report which I did not think was in accordance with the facts. I went into a new inspection, and I found the society was utterly ruined, and I suspended him on the spot.

187. Were the requisitions of the Act, as to sending an abstract of the accounts every year, complied with?—Not in all cases; in the majority of cases they were.

188. Were they complied with in the cases of those societies which failed?—Generally speaking, they were.

189. In what form were those accounts sent; were they sent in the same form in which they were afterwards transmitted to Parliament?—No; there is a general account, as it is called, sent up every year by each society; the annual account sent by the Board to Parliament is an abstract of those voluminous reports.

190. When those reports were sent by those societies to the Board, did the members of the Board appoint any committee to examine minutely into the accounts?—No; the course is, when a report comes in at the end of the year, that report is examined first of all by the head clerk; he notes any discrepancy he finds in it, or any error; that is brought to the notice of the secretary; the secretary then sends the report to the inspector, and desires him to compare that report with the books of the society; for without comparing it with the books it is a mass of figures with which it is very hard to deal.

191. Was this done every year regularly with each society?—I think so, as far as I know when the societies were inspected; but I complain that they were not sufficiently inspected.

192. What do the members of the Board do when they assemble?—They have all the accounts and papers laid before them, and if there is anything particularly wrong in the accounts, they make a minute, and order the secretary to write.

193. Were many complaints made of things being wrong in the accounts?—Yes, constantly.

194. Do you know if any such were made before 1850 or 1852?—Yes, a vast number; in fact, that is the chief business of the Board.

195. When complaints were made, have not they immediately sent down some inspector to inquire into the whole of the circumstances of the society?—That depended upon the nature of the case and the occupation of the inspector in a great measure; he is expected to do as much as he can.

196. When the Board had reason to suspect that any particular society was not in a solvent state, did they send down an inspector to inquire into the circumstances of the society, and satisfy himself of the facts?—That has been the practice ever since I have been connected with the Board; if I found anything very wrong I went down myself.

197. Had that been done before?—I think the duties of the inspection were terribly neglected.

198. Mr. Fenech.] Have not the Board removed more than one inspector for inefficiency?—Yes; the gentleman who succeeded Mr. Garrett was removed.

199. Was the 39th section of the Act generally complied with, that the accounts should be kept in a particular manner, and all books and papers produced on demand; how often were the accounts called for and the books inspected by the inspector?—I have before mentioned, that when I came in I found many societies which had not been inspected for two or three years.

200. Colonel Dawson.] Whose fault was that neglect of inspection?—I think it was the fault of the inspector himself to a very great extent.

201. Was there no control over the inspector?—There was; there was the Board.

202. Was not it the fault of the Board in not looking to it; who were the members of the Board?—I here were nearly 30 members of the Board.

203. What was the quorum?—Three was a quorum.

204. Who were the members who generally attended; was the attendance optional?—

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optional?—

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optional?—Yes; it was gentlemen who lived in Dublin who principally attended.

205. There were no paid officers?—Not except the secretary, inspector and clerks.

206. Dr. Brady.] What was the usual number attending the Board?—Three or four, and latterly it was very difficult to get a Board at all.

207. Colonel Dunne.] How is the Board assembled; by summons?—By summons.

208. Dr. Brady.] Do you summon the whole of them?—All those who are in Dublin, of whose attendance there is any probability.

209. Colonel Dunne.] Has the business of the Board been delayed on account of your want of getting members to attend?—I cannot say it has been delayed; I have experienced great difficulty myself, often having to send pressing notes to the members to endeavour to secure their attendance.

210. Have the inspectors been obliged to send in an annual report, stating what Loan funds they have inspected?—They are expected to send in a report after each visitation they make.

211. There is no general report made annually?—No.

212. When they neglect to make a report of their inspections, what steps are taken by the Board?—The inspector is remonstrated with.

213. If the neglect is repeated is he dismissed by the Board?—In the two instances I had to deal with it went to the extent of dismissal.

214. Chairman.] Have you the form of the return in which the accounts are made?—Yes, these are the accounts from Mullingar (*producing the same*).

215. Mr. John Abel Smith.] What is your salary?—£. 300 a year.

216. What staff of clerks are you allowed?—Two clerks.

217. At what salaries?—One has 80 *l.* a year and the other 50 *l.*

218. Will you be good enough to describe to the Committee the mode in which you enforce the control upon those Loan Fund Societies, supposing a case of misconduct or complaint, how do you enforce your control over a delinquent Board?—By writing to them, and pointing out the rules which they have entered into; and in the case of any violation of them, threatening them with withdrawing the certificate, and with Gazetting; but very often making threats, which are perfectly vain, and which cannot be carried into effect.

219. Is the withdrawing of their certificate equivalent to stopping them?—Yes.

220. That is within your power, is not it?—No, it is not in all cases; I can only show legal opinions, to the effect that it cannot be done, unless it is for a direct violation of some portion of the Act or some British statute.

221. Virtually, you have no power of enforcing it?—That is the impression upon my mind, that the Board has no sufficient practical control over the societies for the safety of the deposits.

222. Mr. French.] Have not the Board frequently exercised that control, by winding-up societies?—Yes; but when you come to deal with managers who have been guilty of great neglect, who have delegated their power to the clerks, and the clerks have abused their office, and become defaulters, unless you can prove that the money has been paid into the hands of the treasurer, and it has been misapplied by him, or he had a positive guilty knowledge of the robbery of the clerk, you cannot bring anything against him unless you bring him into the Court of Chancery.

223. Mr. John Abel Smith.] Is there any uniform mode of keeping the accounts?—No; that is one of the greatest evils of the societies.

224. Have you attempted to enforce it?—Perpetually.

225. And you have met with resistance which you have been unable to overcome?—Yes; that is one of the greatest evils of the system.

226. Is there any system of accounts laid down by the Board which you wish to have followed?—Yes; and they have bad books drawn out, but they cannot enforce uniformity.

227. You put in a paper, in which you state that the amount lost, up to 1853, was 22,000 *l.*; do not you believe that a very much larger sum has been lost than that?—I do; double that amount.

228. Do not you believe that the present existing condition of the majority of the Loan Fund Boards is unsound?—No; I do not think it is the case with the majority.

229. A large proportion are?—Yes; a large proportion I think are.

230. And those debentures issued by such unsound societies will not be paid?—If

—If the society becomes insolvent, they cannot be paid, and then you have no recourse against the treasurer, unless you can prove some actual breach of trust on his part.

231. Mr. Kérel.] Was it usual with the Board to take bonds of fidelity from the parties?—Yes, from the treasurers.

232. Chairman.] Are there many treasurers who have not given any bond of fidelity or security?—I think there are not above three or four societies where they have not given security.

233. Had the treasurers in those societies which failed given security?—Yes.

234. Dr. Brody.] Were the securities sued?—Yes, in many instances, and the money recovered.

235. Mr. Fiesch.] Can you state what the amount of money out on debentures is?—Yes, at the end of December last year. The capital to be accounted for on the 31st of December 1854 was 219,725 *l.*, but the actual capital that was available for operations was 214,735 *l.* The total amount circulated last year was 870,624 *l.*; at one time the amount in circulation was 1,800,000 *l.*

236. Can you tell the Committee what proportion of that money you consider to be in a dangerous state, from the mismanagement of the local societies?—It would be impossible to speculate on that; I think, at the present moment, they are in a safer state than they have been at any time for the last 10 years.

237. Chairman.] If you are quite sure that all the items in this account were correctly stated, there could be very little chance of failure, could there?—If you could depend upon the array of figures there, but I do not think you can.

238. Could not the inspector ascertain whether the array of figures was to be depended on or not?—Yes.

239. If the inspector had satisfied himself that all those figures were to be depended on, there could be very little chance of any failure?—If the inspector had done his duty thoroughly, he might have found out frauds within the year; but in many cases frauds have been going on for six or seven years.

240. Could not the inspector have ascertained all the frauds which have been going on during those six or seven years?—I think if he had done his duty each year he would.

241. There is one item here, "Amount of loans lent in a certain year," would not it be very easy for the Loan Fund Society to put down any amount for that?—Yes; and it would be very hard to find that out, even by the books, if they are falsified by an able man; it would be very hard even for the inspector to find it out; but if he had reason to suspect that something wrong was going on he could easily find it out by stopping in the place till the next receiving day, and comparing the cards of the borrowers with the books, and then if there were frauds he must find them out.

242. I suppose it must have occurred to an inspector, when he thought there was anything wrong about any society, that that was the item in the account which required most to be looked into?—I suppose so.

243. In societies where he did suspect there was a screw loose, do you know if he did wait till the next receiving day, and see the borrowers come in?—No, Mr. Garratt never did anything of the kind; he never summoned the depositors, nor examined their debentures; it was on my discovery of many falsifications and frauds undetected by him that that I got him dismissed.

244. Were any general instructions issued to the inspectors?—Yes, but they were not very extensive before my time.

245. When were such general instructions issued?—It was in 1851, I think; there were instructions but not at all so ample as they are now.

246. Have you a copy of those instructions?—No, but I will write for them, and supply them.

247. Had Mr. Garratt been inspector all along, previously to the time of his suspension?—Yes, from 1844.

248. Have you notes of any proceedings connected with his suspension?—Yes, I have all the papers connected with it.

249. If the inspector had looked over the accounts in the manner which has been described, and had been there on the day of payment, do you think there could have been any practical fear of those societies being in an unsound state?—There might have been frauds always committed within the year, but for two or three years frauds could not have gone on without being detected.

250. If the societies had been inspected every year, and every year the inspector satisfied himself that nothing wrong had taken place during the previous

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year, would not that have been a great guarantee to the public?—It would have prevented an enormous deal of mischief.

251. Would not that have precluded almost the possibility of failure?—It would preclude the possibility of any fraud going on except in the year; there might have been no frauds going on from January to a part of December previous to inspection.

252. If a man were to inspect in December, would not he detect any fraud which had gone on since January?—Yes, but it might be too late; the society might be ruined in the interim.

253. If the accounts of the society were cooked, and he was to do his duty in December, he must detect it, must not he?—I think he must.

254. Ought not his auditing the accounts, and giving his certificate that they were correct, to be a good guarantee that the society was in a solvent state at the time, and that the accounts were to be depended on?—I think it would be.

255. If that were done year after year with every society, it would be a tolerably certain guarantee to the public that nothing had gone wrong previously, and nothing could go wrong except during the current year?—That would have lessened the danger of frauds very greatly.

256. Would not it, humanly speaking, have prevented the possibility of frauds which could not be instantly detected?—I think frauds may always be expected in an institution of that kind, where there are many clerks and so little supervision on the part of the managers.

257. Would not that prevent the possibility of frauds taking place to an extent to risk the solvency of the society?—I think a clerk may ruin a society in a few weeks if there were no supervision on the part of the managers.

258. Would not that preclude the possibility of any continued system of imposition?—It would prevent the possibility of any long-continued fraud.

259. Colonel Dunne.] What are the class of men who are generally the managers of those local funds; is there a committee, or in what way are they locally managed?—The way they are generally established is this: some influential gentlemen in the locality make an application to the Board, and state, that they wish to form a Loan Fund; they are generally persons connected with the landed interest, either landlords or agents of landlords, or influential people in the locality. The treasurer is generally associated with two or three trustees; there are generally some of the clergy.

260. Of all denominations?—Generally, either Presbyterian or Established Church clergymen.

261. Roman Catholic clergymen, generally, have not taken part?—Not in above two or three instances; generally speaking, the management of clergymen has been very unfortunate.

262. Dr. Brady.] How do you account for the Roman Catholic clergymen not taking an interest in them?—I do not know whether they are forbidden by their superiors or not.

263. Colonel Dunne.] You say there is a committee of local management; by whom are the accounts kept, is it by that committee or by the treasurer?—The accounts are kept by the clerk; but a cash account ought to be kept by the treasurer; he ought to have the custody of the notes and of the money; the accounts ought to be kept by the clerks, but he ought to audit the books weekly.

264. Does the treasurer do more than retain the money, or does he enter into the accounts themselves?—Generally speaking, he does not do his duty, but he ought to do much more than retain the money.

265. It would be a very laborious duty, would it, if he did attend to it?—Yes.

266. Is that office gratuitous?—Yes.

267. Who has the supervision and ascertains the solvency of the persons to whom loans are made?—The committee decide upon the applications; there ought also to be one or two attending when the money is given out, and when it is received.

268. Is that the invariable practice?—No, the general practice is the contrary.

269. Who is the person who supervises; is it the clerk or the treasurer?—In many instances it is left in the hands of the clerk.

270. What class of persons are the clerks?—They are generally of the middle class, friends of some of the managers.

271. Is there any guarantee taken from the clerk to ensure his doing his duty?—A bond, and he gives security.

272. Have

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272. Have you found that neglected in many instances?—I think not.
273. By whom are the bonds taken?—The bonds are taken by the Board in almost every case; the bonds are to me as secretary.
274. In case of his failure of duty, or misconduct, the bond becomes forfeited; who prosecutes the clerk; in whose name is it done?—In my name, as the secretary.
275. Do those committees assemble, in all cases, regularly?—They do not; they ought to do so.
276. Has the treasurer any peculiar responsibility beyond the actual safe-keeping of the money he receives?—He ought to supervise the management of the society.
277. Is a bond given by him?—Yes.
278. In all instances?—In the generality of instances.
279. But there have been instances in which it has been neglected?—There have been very few instances in which security has not been taken.
280. For the performance of what duty is the security taken?—It says for the due performance of his duties, but it is very badly defined.
281. Would not it be very difficult to recover in a court of law on duties so ill defined, unless you could prove corruption?—Unless you can prove fraud, or connivance at fraud.
282. Would negligence be sufficient to enable you to recover?—I do not think it would.
283. The committee are in no way legally bound to perform their duties, you think?—They are supposed to be by the Board, and we have a code of general rules.
284. Have you no means of enforcing the general rules on the committee?—I think not.
285. Then the only two officers upon whom there is any power of enforcement are, the treasurer and the secretary, when they give bonds?—Yes; if there is fraud or a culpable connivance at fraud on the part of the clerks, the trustees may be proceeded against.
286. In reality there is no sufficient enforcement against any member of these local societies, but the clerks, except in cases of fraud?—It is very hard to establish liabilities.
287. Have you suggested any alteration in the law on that part of the subject?—Yes, I have frequently brought the matter before the Board; it was referred to their law adviser to draw up the amendments which he thought desirable and requisite.
288. Are the treasurers generally country gentlemen or clergymen?—They are, generally speaking, country gentlemen, influential in their localities.
289. Do you find they generally leave the duties to the clerks?—Too much so.
290. Has the consequence of that been a loss to those societies?—Yes; that has been productive of great mischief.
291. Have you ever been aware of the trustees paying any portion of those losses?—I know that a bill has been filed against the trustees in my name in more than one instance where the parties have paid upon a kind of compromise, but there has been no legal decision.
292. They have in some instances paid?—In some instances.
293. Colonel Duane.] In fact, the inquiry as to the solvency of the persons to whom the money is lent must rest a great deal upon the clerk?—Virtually it does, but it ought not.
294. That should rest upon the committee?—That should rest upon the committee above all.
295. Do not you think that upon the knowledge of that solvency depends a great deal of the success of those Loan Funds?—Entirely.
296. Therefore local knowledge is absolutely necessary to the safety of the fund?—Yes.
297. In the year of the last famine, in 1847, did not a great number of the Loan Funds fail?—There was a great number failed.
298. Was not that in consequence of the inability of the peasantry to meet the engagements they had entered into?—Yes, but I think also an advantage was taken of the time by fraudulent clerks, to an enormous extent, who embezzled, and endeavoured to get out of the charge, by laying it to the account of the borrowers.

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299. Have you found many clerks who have embezzled?—Yes.

300. Have you found fraud on the part of the treasurer in many instances?—It is almost always on the part of the clerks.

301. Have you found negligence on the part of the trustees?—Very often.

302. But not in general, fraud?—No, by no means.

303. Mr. French.] In several instances have not both borrowers and sureties been stated to have emigrated?—Yes, when I have inquired about them, I found where clerks had been robbing largely, it was said that the borrowers were in three or four categories; one was among the dead; another among the absent in America; another in the poor-house; very often the money was never in the hands of the borrowers at all, but in the pockets of the clerks.

304. Have not the alterations which have been proposed in the present law relating to Loan Fund Societies, been put into the form of a Bill, and approved of by the Loan Fund Board?—Yes, after very extensive inquiry.

305. Have you a copy of that Bill?—I have (*producing the same*).

306. Is it your opinion, that the provisions contained in that Bill are sufficient to do away with most of the evils which you think the system, as at present administered, has to encounter?—Before I answer that question, I will, with the permission of the Committee, make a single observation: there are two sources of evil in connexion with Loan Funds; those connected with the control of the Board, and those connected with the management of the local trustees. With respect to the Board, there is the evil of a fluctuating body of Commissioners; you may have a certain number of gentlemen who are members of the Board attending one day, who will be perfectly conversant with the matter in hand, and you may not have any of those gentlemen attending at the next Board, or you may have persons who would be perfectly informed upon one part of the subject, but wholly uninformed upon the other; those gentlemen give their gratuitous services; and there are evils arising from expecting long-continued services without any emolument. With respect to the managers, you have the evils arising from gentlemen giving their names to these institutions without giving their services. The poor depositors, having great confidence in the gentlemen of the locality, believe, when they see their names down as trustees, that those gentlemen are virtually giving their services; and when they see the name of the secretary of the Loan Fund Board at Dublin Castle affixed to the debentures, they think they have got Government security for their money; whereas they have, in fact, neither supervision from the gentlemen, nor have they any security from the Government; so that there are those two evils; but whether they will be relieved from them by the proposed amendment or not, I am not perfectly satisfied. The evils will be mitigated to a great extent, but whether they will be wholly overcome or not is another question.

307. Dr. Brady.] It is your opinion that they should be overcome?—It is; I think the institution ought to be abolished, rather than be allowed to go on in its present form.

308. Chairman.] You would have the officers made responsible, and you think it advisable that those officers should be remunerated for their services?—Yes; I think the local managers ought to be remunerated, and appointed by the Board.

309. And responsible to the Board?—Yes.

310. Colonel Deane.] How would you propose to remunerate them; out of what funds?—I think it might be very well done out of their present resources, or by a little addition to them. The penny charge on the note produces an enormous revenue.

311. And you think there are sufficient funds in the establishments themselves, without calling upon the country to advance money to promote this reform, which you think necessary?—Yes.

312. Mr. French.] What is the amount of funds now received?—Last year there was about 1,000 £.

313. What amount of money do you think it would require to establish a paid and responsible system?—I think the persons that should be paid should be the treasurer and the clerks of the local societies.

314. Chairman.] The clerks are paid now, are not they?—Yes, the treasurer is the only additional officer who would be paid.

315. Mr. French.] Would you have a paid member of the General Dublin Board, whose duty it should be to attend all the meetings and give up his time to the

the proper carrying out of the system?—I think the machinery would be better worked by a paid Commission than an unpaid one.

316. Colonel *Dunne*.] Do you think it would be possible to connect the management of those loan funds with the management of the poor by the Boards of guardians?—No; but it would be very possible, I think, to connect it with the management of savings banks.

317. By whom are the local savings banks now managed?—By private individuals in the different localities.

318. Are not they under somewhat the same management as Loan Fund Societies?—There is a barrister appointed by the Government, who is a sort of inspector, he goes round and inspects the establishments.

319. Do you think a Bill embracing the two subjects could be framed?—Yes, and I think it would be a great advantage.

320. *Chairman*.] Not long ago a new Bill was brought in respecting savings banks, was not there?—Yes, but that Bill was withdrawn, I think.

321. Colonel *Dunne*.] Would it not involve too much work for a gentleman to act both as treasurer to a Local Loan Fund and to a savings bank?—Yes, I think they must be kept distinct; the forms of the book-keeping would be quite different, and there would be the danger of confusion in the accounts.

322. Of course, the amount of the labour would very much depend upon the locality?—Yes, of course it would.

323. Dr. *Brady*.] Are there any fees at present charged to the borrowers for the inquiry made by the society into the responsibility of the securities?—There ought not to be.

324. Is there such a charge?—I never heard that there was.

325. Are there any fees paid for drawing up the bond?—There is a penny charged on it, a penny for the application paper and a penny for the card.

326. To your knowledge there is no further expense on borrowing the money than those you have mentioned?—No, there ought not to be; and I am not aware that there is in well managed societies.

327. *Chairman*.] You were speaking just now of the draft of a new Bill for the amendment of Loan Fund Societies; that draft does not contain any suggestions as to requiring securities from the Treasurer or the Inspector, does it?—No, it does not; I do not think anything further is required upon that point; the Board has sufficient power, and it exercises it in every instance of requiring security from the Treasurer.

328. Does the Board actually take such security?—I do not think there are above three or four instances in which there are not such securities.

329. May the Board insist upon security from the trustees?—No.

330. If security might be required from the trustees, do not you think that would enforce much greater attention upon their part?—If they joined with the treasurer in giving a bond, I think it would be better; if the views of Mr. Hutton were carried out, those bonds of the treasurers might be sued on, because the Board would have the power of enforcing the regulations, and then we could establish breaches of the bond, which we cannot now.

331. How many inspectors have you?—Only one.

332. Do you think one inspector is sufficient for the discharge of all the duties of inspection which ought to be discharged?—There is a new regulation now, that wherever there occurs any sudden emergency I go down myself without calling away the inspector from his ordinary routine duties.

333. Who is the present inspector?—He was formerly a clerk in my office, Mr. O'Gorman; he succeeded Mr. Kelly.

334. Was Mr. Kelly dismissed?—Yes.

335. For what?—I complained of his neglect of duty, and he was dismissed, upon that complaint.

336. Have you any Report made thereon?—I have the Report of Mr. Major, Queen's counsel, who was appointed by the Government to enter into a judicial inquiry into the charges I brought against him. Mr. Major reported to the Government, and upon that report he was dismissed.

337. Will you be kind enough to hand in that Report?—(*The same was delivered in.*)

338. Colonel *Dunne*.] When the Reproductive Loan Fund was closed, what was the amount of the funds?—I take my account of it from a Parliamentary Paper. It is a statement of the fund appropriated by the Relief Committee of

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1822, to the trustees of several counties in Ireland, specifying the sums repaid by them to the Irish Reproductive Loan Fund Institutions. The total amount that was repaid out of 55,185 *l.* was 22,096 *l.* 17 *s.* 10 *d.* I think, however, that monies have been recovered since.

339. Can you state what was done with that money?—The whole of that money was vested in the Government in the year 1848, by an Act which was then brought in and passed.

340. The whole of the recoverable money was made over to the State?—Yes, it was vested in the Government. The date of that Act was the 4th of September 1848; the money, by that Act, was to be at the disposal of the Lord Lieutenant, for such useful purposes as he might think proper to apply it to, with the sanction of the Treasury.

341. Are you aware of any account which has been given to Parliament how that has been subsequently applied?—I believe no account has been rendered. The words of the Act were, "that all monies of this institution recovered, or which may be recovered hereafter, shall be applied to such charitable purposes or objects of public utility not provided for by rates or assessment, including instruction in agricultural science, and the promotion of it in the several counties to which advances have been made by the London Reproductive Society."

342. *Chairman.*] Have many failures taken place since 1851 and 1852?—A great many took place in 1851 and 1852; there were fewer in 1853; very few took place in 1854; fewer than any year since the famine.

343. Do you ascribe the failure in the earlier years to the disasters caused by the famine?—I ascribe the diminution in the number of failures to the better control which there has been in the last two years.

344. *Colonel Dunne.*] Do you think it possible that by an improvement, such as has been suggested, these institutions might be rendered useful?—Yes. I think if this Amendment Bill were passed these institutions would be on a better footing than they have ever yet been, and would be most useful to the country; it is only in the event of its failure that I think it would be better to abolish the institution altogether, either to connect it with savings banks or to have a body of paid local managers in the country connected with a paid Commission in Dublin.

345. *Chairman.*] If the Loan Funds were incorporated with savings banks, would not it endanger the confidence which many persons have in savings banks now?—I think the funds should be kept distinct, but there should be some central management in Dublin, over both.

346. Has a large portion of the surplus profits of the Loan Fund Societies, lately been devoted to charitable purposes?—Yes; that has been one of the great difficulties we have had to deal with; it is productive of very great evil.

347. Do you think that it has led to considerable jobbing?—I think a great deal of jobbery has been connected with it.

348. In many of the societies which have failed, had a large sum previously been appropriated to charitable purposes?—Yes, very large; I drew up a statement of the whole of the grants which have been made for all purposes since 1843, and I drew up another schedule of all the grants which have been made for objects connected with building purposes.

349. *Dr. Brady.*] Were those charitable building purposes?—The words of the Act are, "either charitable or useful;" that opens a very wide field.

350. *Colonel Dunne.*] How do the profits which are so appropriated arise?—The surplus profits of the Loan Funds are derived from the successful operations of the year; they are applicable after the application of one-tenth towards forming a rest for the safety of the depositors, towards charitable or useful purposes in the locality of each of the societies.

351. Those surplus profits remain in the hands of the treasurer of each local society?—They are applicable to a specific purpose, for which he ought to ask the sanction of the Board.

352. Have they been laid out under the sanction of the Board in all instances?—Since 1843.

353. Are they of considerable amount?—Yes, there has been a good deal.

354. Have you a statement of the application of those funds?—I have, in every case, and a report of mine, which was made to the Government on the subject.—*(The same were delivered in.)*

Jovis, 3^o die Maii, 1855.

MEMBERS PRESENT:

Mr. Urquhart.
Mr. French.
Mr. Kuk.

Colonel Dunne.
Dr. Brady.

POLLARD URQUHART, Esq., IN THE CHAIR.

Richard Robert Madden, Esq., further Examined.

355. *Mr. French.*] IN your opinion, does the system at present in force secure the successful operation of the Loan Fund Act?—I do not think it does.

356. Is the management of the Loan Funds generally throughout the country, in your opinion, either successful or satisfactory?—I do not think it is in general satisfactory.

357. Are the Loan Funds solvent, or are they so worked as to defray the expenses of management and pay the depositors interest?—In general they are so worked as to defray the depositors interest.

358. *Colonel Dunne.*] The Committee understood you to say, on the last day, that there was a surplus which would pay the inspectors; am I to understand that it is out of the successful working of some of those Loan Funds that you propose to pay any additional inspectors you think requisite?—Yes, I can state what was the amount of the surplus last year; last year, 1854, there was actually expended for charitable purposes 1,405 *l.* 10 *s.*

359. What do you understand by charitable purposes?—For the relief of and in aid of the sick poor, for useful purposes, such as providing water in towns for the use of the poor.

360. By whose authority was it disbursed?—It is disbursed by the Local Societies, subject to the sanction of the Board.

361. You would propose that that disposition should cease, and that it should be applied to the payment of officers for the better working of the system?—Yes.

362. *Chairman.*] In all cases was that money expended subject to the sanction of the Board?—Yes; it is presumed to be all spent subject to the sanction of the Board.

363. Was it all spent with the sanction of the Board, or have you known instances of money being spent in local purposes, without the sanction of the Board?—Not at present; that was formerly the case.

364. When was the sanction of the Board made requisite?—In 1843 think there have been some instances of abuses, where the managers have applied money without the sanction of the Board.

365. *Colonel Dunne.*] Since the sanction of the Board has been made requisite, you think it has been the practice to obtain it?—Yes.

366. Do you think that the sum of 1,405 *l.* would be the ordinary average surplus which might be calculated upon for the purpose of carrying out the law?—I think that if the societies were well managed, and we had proper control, less than that would be the average.

367. *Mr. French.*] Was the clock tower at Tyrrell's Pass built with the sanction of the Board?—No; the parties had not the sanction of the Board for that expenditure, or for a great deal of expenditure which was made there.

368. Do you consider that the trustees and honorary managers of those societies exercise supervision sufficient to protect borrowers from extortion, excessive fines, stoppages, note renewals, gratuities, pecuniary obligations to securities, compulsory dealing with shopkeepers?—I do not think they do.

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369. Generally

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R. B. Madden,
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369. Generally speaking, do you consider the abuses of the system counter-balance its advantages?—I find it very hard to answer that question by a monosyllable.

370. Do you consider that the evils complained of are so inherent in the system, that they cannot be remedied by any additional legislation?—I think they can be remedied by additional legislation.

371. Will you be good enough to state what alterations in legislation you consider desirable to effect that purpose?—The alterations which the Board thinks desirable, and which their legal advisers think requisite, are embodied in a legal opinion and certain suggestions which I have here.

372. Colonel Dumas.] Will you point out the principal defects in the present law, and the enactments which you propose, in order to remedy those defects?—The draft of the Bill for the amendment of the present Loan Fund Act is in my hand. The main amendments of the present law are the following: to enable the Board to enforce their general rules; to enable them to deal more successfully with gazetted or bankrupt funds. If we had those powers I think the Act would be sufficient.

373. Does the power you propose for dealing with bankrupt funds apply retrospectively, or to funds which may become bankrupt in future?—To funds which may become insolvent in future.

374. Do not you anticipate that there would be any use in a retrospective enactment?—No.

375. Chairman.] Would you not make it incumbent upon the Board to be more careful about exacting securities from officers?—I think the Board has sufficient power already; but they would be able, if the law was altered, to sue upon the bonds of the treasurers, which they cannot do now, by specifying breaches of their rules.

376. You said on the last day that the Board generally does enforce security from the treasurer, but that it did not do so before 1851 or 1852?—It is always done now, and generally since 1843; I think there were not above four or five cases where they did not.

377. In the cases of those societies which have become bankrupt, did not it turn out that no security had been exacted?—No, not generally; in some societies it did so, and in those societies the managers had not asked that security should be given.

378. In any new Act which may be passed, do not you think it should be rendered incumbent upon the Board to exact securities?—I think the words should be changed, and that it should be stated that the Board "must" in every instance require security instead of "may" require it.

379. Mr. Kirk.] Are not the Loan Funds, throughout the country districts, banks of deposit?—Yes.

380. Where a depositor invests money in one of them, what security has he for its repayment?—He gets a debenture; that debenture is signed by the treasurer; it is countersigned by myself as secretary, and there is the security of the bond which the treasurer is supposed to give to the Central Board; but then the terms are so loose, that I think the depositor is not sufficiently secured.

381. In fact there is no security whatever but the good faith of the society?—The good faith of the society, and the confidence depositors have in the managers.

382. I speak of his legal remedy?—I think it is not sufficient.

383. In fact, he has no legal remedy, has he?—To a certain extent he has; in the case of fraud he has a legal remedy.

384. Supposing a Loan Fund receives deposits to the extent of 500 £, and lends to the extent of 1,500 £, and the borrowers leave the country, or become insolvent, and 1,000 £ of the 1,500 £ thus lent is lost, which I believe is not an uncommon case, by whom and from what fund, are the depositors to be repaid?—There is no fund to repay them if the borrowers have gone away and taken that money with them.

385. The practical effect of the whole, therefore is this, that the depositor is dependent upon the good faith of the borrowers for the repayment of the money he deposits?—Yes, I think he is, mainly; he has also the two sureties of the borrower to the note to look to.

386. Dr. Brady.] Did not you say that the treasurers were not at the present time accountable, that is to say, they cannot be made accountable, except by a process

process in Chancery?—I think it is very difficult to institute proceedings against them, except by filing a bill in Chancery, to make them account as trustees.

387. Under those circumstances, would not it be necessary that some great alteration should take place to facilitate proceedings against any treasurer who might be a defaulter?—That alteration is contemplated in the proposed Bill.

388. You said, unless fraud was proved, and the treasurer had some knowledge of the fraud being perpetrated, he was not accountable for the acts of those whom he appointed under him as clerks?—That is found to be practically the case; when I apply to the Board's lawyers for their opinion, as to whether it would be possible to take proceedings or not, generally I am told it would be useless to take proceedings, unless we can prove they have embezzled money, or been cognisant of the clerks doing so.

389. Is that also provided for in the suggestions you have laid upon the table?—I think it is.

390. Mr. Kirk.] Referring to your answer to the last question, which I addressed to you, will you be kind enough to inform us, whether there is any provision in this proposed Bill, by which the safety of the depositors will be insured?—I think there is a very material one.

391. What is that?—By enabling the Board to enforce their general rules.

392. Is the simple bond of the treasurer, the only security the Board has?—The only one.

393. Is there no provision in the Bill for requiring additional security in the form of sureties, as well as the simple bond of the treasurer?—The bond contains the security of the treasurer and two sureties.

394. Dr. Brady.] They are sureties for him?—Yes, there are two persons joined; it is a joint bond.

395. Mr. Kirk.] Of what amount, generally speaking, are those bonds required to be?—The amounts vary considerably in different societies; the managers generally propose the amount of security, the Board determine it; if, for instance, there was to be a capital of 1,000 *l.*, I think the Board would require between 500 *l.* and 600 *l.* security, not for the full amount.

396. The practical working of the system is, that about half the capital of the bank is required to be secured by those bonds?—I think that is about the average.

397. Colonel Dunne.] Are not there two distinct classes of Loan Funds, those which are called reproductive, which are founded upon the money advanced from the central society in London, and those which are made up by subscription?—Yes.

398. Does your evidence apply to both or to either especially?—My evidence applies only to Loan Funds under the Central Board in Dublin; those called Reproductive Societies have long ceased to exist.

399. Mr. Kirk.] What rate of interest is paid on deposits?—It varies from 4 to 6 per cent.

400. Those Loan Fund Societies, therefore, compete with the savings banks for deposits?—They give a great deal more than the savings banks give.

401. And, in fact, compete with them by giving a larger interest than the savings banks do?—Yes, they give a much larger interest.

402. Is the amount of deposits increasing or decreasing in those Loan Fund Societies?—It has decreased to about one-third what it was five or six years ago.

403. Have you any idea why it has decreased?—After the famine, there was a very material decrease; the circulation decreased from 1,870,337 *l.* in 1845 to something like 870,024 *l.* in 1854.

404. Colonel Dunne.] Has there been no increase of late years?—There has been a gradual increase for the last three or four years.

405. Are the treasurers generally paid?—Not now.

406. They have no pecuniary advantage?—None whatever.

407. If you were to put a very stringent liability upon them, therefore, would not you find it difficult to obtain men gratuitously to undertake the office of treasurer?—That is one of the difficulties of this very anomalous institution; if you put very stringent regulations upon gentlemen who give their services simply from benevolent motives, I think it would be very difficult to obtain managers.

408. Chairman.] Stringent regulations have been put upon the managers of
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savings banks, and it has not been found difficult to get persons to manage them?—There is less trouble and less responsibility in the management of savings banks.

409. Colonel Duane.] Is it part of your proposition that the treasurers should receive any pecuniary advantage from acting in that office?—I think, before the institutions should be allowed to be abolished, it would be desirable to have recourse to the system of uniting them with savings banks, or of having paid managers, with a paid commission in Dublin.

410. Theoretically, by the present law the requirements as to securities from the treasurers are very stringent if enforced, are not they?—If we had the power of enforcing them.

411. All which is wanting now to make the law complete is the enforcement of what is theoretically the law?—I consider we have not practically the power of making the treasurers do their duty.

412. Chairman.] You said, just now, that one of the things contemplated in the new Act was that the societies should be made more amenable to the Central Board. Do you issue orders to different societies, in the shape of circulars, or otherwise?—Constantly; and with very little effect.

413. Have you any copies of the circulars so issued?—I have—(producing the same.)

414. Do you think, at present, the central staff is sufficient to control the working of those institutions properly?—I think another inspector would be very desirable; we have only one now.

415. Do not you think it utterly impossible for one inspector to do all the duties which are required of him?—The duties would be better done if there were two, certainly.

416. Do you think two would be sufficient?—I think so.

417. Dr. Brady.] Do you think, if the law were changed, the inspectors would have a larger amount of business to transact?—I am not sure that they would; I think many of the societies are worked by gentlemen who might cease to be connected with them if the law were changed, and they had not the power of making appropriations of money for charitable purposes.

418. Mr. Kirk.] The Committee, then, are to infer, that gentlemen desire to have the management of a Loan Fund, in order that from the profits upon the loans they may have something to expend for charitable uses in their neighbourhood?—They receive no emoluments for their services, and I think if they had not the satisfaction, at the end of the year, of making some appropriation to charities which they may take an interest in in their localities, in many cases they would not work the societies.

419. Is it part of the system that there is a reserved fund; a species of rest, to cover bad debts?—Yes; they must lay by one-tenth part of the surplus profits each year for that purpose.

420. Then, how does it happen that societies become bankrupt?—That tenth part does not form a sufficient rest.

421. Do you propose, by your new rules, to increase the amount of the rest?—No; because I think, if the Board had the power of enforcing the rules, frauds could not take place.

422. Chairman.] You think, probably, that very often when profits were appropriated under the supposition of there being surplus profits, there were in reality no surplus profits?—I think they were only apparent profits.

423. Mr. French.] The capital of the society being out, was taken credit for as if it was capital in hand?—Exactly.

424. Which the circumstances in the various cases did not justify being done?—Certainly not.

425. Chairman.] Have you any other alteration which you would suggest in the staff, besides appointing an additional inspector?—No, I think not.

426. Do you think from your experience, a Board of unpaid commissioners are likely to pay sufficient attention to the subject to ensure its efficient working?—I think a board of unpaid commissioners is a bad form of government for any institution.

427. Would you suggest paying any of them?—I think if one was paid, they should all be paid; as many as there were.

428. Colonel Duane.] What would you substitute for the present Board?—I suppose two or three commissioners would be required.

429. And you would suggest there being paid?—Certainly.

430. Mr.

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430. *Mr. French.*] Could not you avail yourself of the services of some of the paid officers, such as the secretary, and the under-secretary, who at present, as you are aware, are two members of the Poor Law Board without any payment?—Yes; I think one of the commissioners might be the Secretary of the Board also.

431. *Colonel Duane.*] And one commissioner, you think, would be sufficient in that case?—Generally speaking, an odd number is preferable.

432. *Chairman.*] You said just now that you had some difficulty in actually enforcing bonds against treasurers and others; have you any law agents connected with the Board?—We have a solicitor, and we have also a Queen's Counsel, who is the legal adviser.

433. When were they appointed?—I think from the earliest formation of the Board.

434. Do you think they are efficient?—I think they are exceedingly efficient.

435. *Mr. French.*] I believe Mr. Hutton is a man of very high professional reputation?—He is a man of high standing as Queen's Counsel; the solicitor is a very efficient man, Mr. Stapleton.

436. *Dr. Brady.*] Are not you surprised that they have never pressed upon the Board the necessity of altering the law, seeing it to be so imperfect?—Every year since I have been connected with the Board there has been a paragraph in the Report of the Board, stating that some Parliamentary or other inquiry seemed to be requisite, into the system.

437. When you were examined last, you said the Act was rather vague with respect to the appropriation of surplus funds, inasmuch as it used the words "either charitable or useful purposes;" to your knowledge has such surplus been applied to any purpose other than those which it was originally intended to be applied to?—The surplus funds have been applied to purposes which have failed to be productive of any good, either charitable or useful, and the money has been eventually lost to the funds; especially it has been applied mischievously to building purposes.

438. *Mr. Kirk.*] Is not it a fact that the Portadown Loan Fund Society built a fever hospital with what was supposed to be surplus profits?—It did, and I directed it to be sold for the benefit of the depositors; but I found there was great difficulty, they had no proper lease; the manager was the agent for the Duke of Manchester, and he expended a vast sum of money upon this building, and he got no adequate title from the Duke of Manchester.

439. Have you the means of informing the Committee how much money was laid out upon that building?—It is stated in one of the papers I have handed in; several hundred pounds.

440. As much as seven or eight hundred pounds?—Yes, about that.

441. What did it sell for?—We have not yet had the return; it will probably not fetch one-third of that amount.

442. *Chairman.*] Are all the other instances of misappropriation of funds included in the returns?—Yes.

443. There is a secretary, and a sub-secretary, and an inspector, and the law officers to the Central Board; what does the expense of that establishment amount to?—There is one secretary, and one inspector, and two clerks.

444. Have not you law officers also?—They are paid out of the funds of the Board.

445. Whence do those funds proceed?—From the sale of notes at 1*d.* each, and debentures at 1*s.*

446. Is that now found sufficient?—Yes.

447. Is there any surplus?—The Board has 4,000*l.* funded.

448. What has been done with it?—It is invested in Government securities.

449. *Dr. Brady.*] What is the salary of the solicitor?—He has no salary, he charges for the business done; the barrister is paid by fees.

450. *Chairman.*] Has there been any sort of correspondence with the Government about the 4,000*l.* which has been invested in Government securities?—Not that I am aware of.

451. In whose name is it invested?—It is invested in the names of trustees, the Commissioners of the Board.

452. What is suggested or proposed to be done with it?—I do not know what they mean to do with it; it was funded long before my connexion with the Board,

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Board, and it was invested in the names of three trustees, one of them was the Governor of the Bank of Ireland.

453. Have there been any surplus profits since then?—There is generally a floating balance of 400 *l.* or 500 *l.* at the end of each year, in the bank.

454. Is that floating balance increasing?—It is not.

455. You have stated that there are two sorts of capital; one sort given by debenture holders for which they get interest, and the other, money which is given by benevolent individuals, which may be called free capital?—Yes.

456. Is a large proportion of the capital, free capital?—No, a very small proportion.

457. Have you any idea of what that amounts to?—No, it forms a very small portion of the whole.

458. Did not it amount to a very considerable sum at one time?—I do not think it was a very large sum.

459. Did it not amount to between 40,000 *l.* and 50,000 *l.* at one time?—I do not think free capital derived from donations or bequests amounted to anything of the kind.

460. Have you any account of the free capital?—It could be made out from the returns; my own impression is that the whole of the free capital, composed of donations and bequests, never much exceeded 8,000 *l.*

461. Mr. French.] Do you include in the free capital any portion of the money which originally proceeded from the Reproductive Society?—No, we never derived any; I speak of money bequeathed or given.

462. Chairman.] Was any of the so-called free capital in the possession of those Loan Fund Societies which failed?—Yes.

463. A large proportion of it?—Yes, a good deal of it has been lost.

464. That accounts for the diminution of it in some instances?—I do not think it was ever originally equal to the amount of the other.

465. You told the Committee that some of the societies were in the habit of imposing illegal fines; if no fines were imposed at all, except those necessary to prevent fraud or neglect, do you think the present rate of interest is too high?—I do not think you could work the Loan Funds at a lower rate of interest than the present; I think the present income of the Loan Funds generally is derived from illegitimate sources.

466. You probably do not think the legal charges are too high, supposing no others were made?—I think they would not be too high.

467. If the rate of interest were too high, would not competition with the banks very soon knock up the business of the Loan Funds which had charged too high a rate of interest?—Banks would never lend small sums as low as 2 *l.*, or 3 *l.*, or 5 *l.*

468. You stated that they do lend sums as low as 10 *l.*?—Yes, but they would charge still higher rates.

469. If the Loan Funds charged too high a rate of interest, would not the banks very soon destroy their business for all loans exceeding 10 *l.*?—Yes; but parties require to be well known, and to have good security, to obtain that accommodation from the banks.

470. Would it be possible in any way to connect these Loan Fund Societies with the banks?—I do not think it would; there is a good deal of jealousy between the Loan Funds and the banks.

471. Would there be that jealousy if they were connected with the banks?—I do not see how it would be possible to connect them.

472. Could not the bankers advance part of their own capital to carry on the Loan Funds with?—Then it must be done entirely as a private speculation, and not as connected with any Act of Parliament.

473. Colonel Dunne.] Have you ever succeeded in any proceedings against treasurers?—Yes; but generally by a compromise at the end, before a legal decision was come to.

474. Mr. French.] When the London Relief Committee sent 40,000 *l.* to Ireland, did not they send the sum of 16,000 *l.* to the society for bettering the condition of the poor, with power to use the interest of the money, but not to touch the principal?—I have a report here from the society for bettering the condition of the poor in Ireland in 1826, and I find in that report the society deals with the interest of a capital of 16,300 *l.*, which was placed in their hands for the purpose of bettering the condition of the poor in Ireland by the Relief Committee in London; that Report I hand in (*delivering in the same*).

475. Are

475. Are you aware whether that sum of money is standing still in the funds for the purposes to which it was originally devoted?—I can state nothing of my own knowledge; but I have reason to believe that a considerable portion of it has been lost.

476. Through mismanagement?—Through misapplication.

477. I presume there are some parties from whom the Committee could obtain information upon that subject?—There are several trustees, and there is an actuary.

478. Will you state the names of any of the trustees, or the name of the actuary?—Lord Talbot de Malahide is at present a trustee, Mr. John Lentaigue and Mr. Thomas Hutton are now trustees also.

479. Does that society make annual reports at present?—They have ceased making them regularly; and I was informed that one of the trustees also had insisted upon a report being made on a certain day, and then it turned out that there was a very large deficiency, and the actuary left the country.

480. Is that some time ago?—About a year ago.

481. *Chairman.*] The clerks and other officers of the local societies are paid out of the fines and the charges upon the promissory notes, are not they?—The clerks are; they are the only paid officers.

482. Do not you think that they may have an impression that the more they can get out of the fines the higher their salaries will be?—Yes, and they work them with that view in very many cases.

483. Also, perhaps, the managers may have in view the idea that the more they can get, the more they will have to spend in charity?—I am afraid that notion may prevail in badly managed societies.

484. You think they may have been worked with that view?—In some cases.

Sir John Keeganwill, called in; and Examined.

485. *Mr. French.*] YOU have been a member of the Loan Fund Board, have not you?—I have; I was appointed a member on the 21st of January 1850, and I resigned on the 28th of January 1854.

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486. *Chairman.*] What was the cause of your resignation?—Perhaps the shortest way of explaining the cause of my resignation will be for me to read the letter which I wrote to the Chief Secretary; it was written on the 28th of January 1854: "I request the favour of you to lay before the Lord Lieutenant my resignation as one of the Commissioners of the Loan Fund Board, and to acquaint his Excellency, that in coming to the determination of retiring from any further participation in the management of the institution, I have been entirely governed by public considerations, arising out of the inefficient and powerless nature of the law by which it is regulated, and the consequent unsatisfactory state of its affairs. Since my appointment in January 1850, I have attended nearly every meeting of the Board, and with scarcely an exception, the proceedings at each sitting have exhibited difficulties of one kind or another arising from the defects and anomalous nature of the Act of Parliament. In the annual reports of 1851 and 1852, presented through the Lord Lieutenant to Parliament, the Board expressed their opinion, 'that some inquiry, Parliamentary or governmental, is urgently required into the adequacy of the present machinery of local management, and of the existing legislative control over the institution, for the due protection of the savings of the industrious poor invested in Loan Funds in this country.' The greater experience of the past year so strongly confirmed that opinion in my mind, and so forcibly demonstrated, that the continued postponement of such an inquiry is productive of pernicious consequences, that I am led to the conclusion that I can no longer devote my services to the institution with any advantage to its interests, or discharge my duty with any satisfaction to myself, as a man of practical habits of business, desirous to fulfil efficiently and effectively the responsibilities imposed upon him by the acceptance of such an honorary appointment." I went on further to say, "It is in the nature of all charitable institutions to run into abuse. Loan Fund Societies, which partake largely of that character, as well as one of a commercial description, have not been found an exception; it is, therefore, a sacred duty to arrest and amend those abuses, which time and experience prove to be prejudicial to the particular end proposed by the founders of these institutions, and to sustain them with such amendments as shall secure that object." I then offered my services to

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the Government in any way for the purpose of amending the law, and immediately after my resignation, I drew up a statement of what appeared to me to be necessary, in a practical point of view, for the purpose of amending and improving the law, and remedying some of its defects. The draft of that statement I have here, and, as it contains suggestions for the amendment of almost every clause in the Act of Parliament, I think it might be satisfactory to the Committee hereafter, when they come to consider what amendments they propose, if I were to hand it in as part of my evidence.—(*The same was delivered in.*)

487. Have you any connexion with any local fund societies?—Yes; that was the origin of my belonging to the Central Board: it was a fund which exists in my own immediate neighbourhood, at Lucan.

488. Are you still connected with it?—I am still connected with it in this way: the clerk of that Loan Fund absconded; an application was made to me, as a magistrate, for the purpose of taking some proceedings to overtake the man, if I could; in consequence of that circumstance, and of the part which I took, an application was made to me by all the depositors to see if it were possible to wind up the society in any way, so as to secure them their money. I immediately took a great interest in the matter; I applied my mind in the first place to the consideration of the Acts of Parliament, to see how the difficulty could be got over; and I think the accounts of that Lucan fund perhaps exhibit almost a complete picture of the way in which these funds have been mismanaged. I have here a memorandum, which I made at the time, of how the accounts stood: there was a capital, supposed to be to the amount of 1,520 *l.*, belonging to depositors, and all that capital was lost. I immediately made an application to the Central Board for their inspector to come down, because it appeared to me that the defalcation and misconduct of the clerk might all have been prevented if there had been that due inspection on the part of the Central Board, which there ought to have been; it appeared to me, that the whole mischief had arisen from the want of that due inspection which ought to have been observed.

489. Mr. French.] Do you mean to say that the entire 1,500 *l.*, which constituted that fund, was lost?—It was just 1,500 *l.*; and the way in which the capital was endeavoured to be accounted for was as follows: debts outstanding on the books from borrowers, 878 *l.*, and there was a balance in the hands of the treasurer of 106 *l.*; that, together, made 985 *l.*, so that there was an actual defalcation against the clerk, money which he undoubtedly had made use of, of 545 *l.*; of that 878 *l.* of debts, when we came to institute proceedings, I think not more than half was recovered to that society; they lost, in fact, 1,000 *l.* in round numbers. I went into a particular account of the affairs, and I found that the society commenced its operations in 1841, and up to the 31st of December 1849, which was the day the clerk absconded, the loans issued had amounted to 50,867 *l.*, and the instalments received had been 49,370 *l.*; had debts struck off, leaving an apparent deficiency on the books of 1,497 *l.*

490. How often was that society inspected during those years?—Very seldom; I cannot tell how often; I had no connexion with it till the defalcation took place.

491. Chairmen.] What was the last inspection that had taken place, previously to the defalcation?—I do not think there had been any inspection for two or three years before.

492. Do you know what report the inspector had made at the time of the last inspection?—My impression is, that the report of the inspector was that things were satisfactory, because upon the face of the books it appeared to be all right enough. When the matter was wound up, the first thing that was done was to see how much we could make out of this 878 *l.* as being in the hands of the borrowers; as a magistrate I then interfered, and I think I signed between 500 and 600 summonses, and there were a great many of the parties before me. When they appeared, it turned out that a great many of them produced books to show that they had actually paid money to the clerk, but the clerk had never accounted for it in his books; he had allowed them to remain upon the face of the books as debtors, when he had received a good deal of the money.

493. Did that arise from fraud or from neglect?—Decidedly from fraud; the man went off to America, and has never been heard of since.

494. Mr. French.] Had the clerk given any security upon his appointment?—He had given a security, but in consequence of the imperfect way in which the security

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security had been taken, a joint bond having been taken for 50*l.*, instead of a several bond, the entire amount which could be recovered on that bond, was only 50*l.*; in consequence of our having discovered that defect, some part of his family came forward and paid that 50*l.* upon the bond, to avoid any litigation. That was all that was obtained from the clerk out of the money he had abstracted. In connexion with that, I should state that the very first thing I did when I became a member of the Central Board, was to ask Mr. Peisse what the amount was, of the bonds which had been given by clerks and treasurers; he produced to me a book, but I said it was a subject I should take up immediately, and I should desire to see all the bonds which had been given from all the societies to see how the securities stood. Mr. Peisse asked me to postpone that investigation till another meeting, and before another meeting had arrived, Mr. Peisse had resigned.

495. Mr. Peisse was appointed to a situation in Australia, was not he?—He was, and then he left; as soon as Dr. Madden had got into his office I talked with him on the matter, and we got an order put upon the books, and Dr. Madden very properly executed that order, and assisted me in the most efficient way, to see how the securities stood; the result of the investigation was, that we found an immense number of bonds defective, many of them in form, many in amount. It appeared very desirable not to let the different parties who had given those bonds know of the defects, and accordingly they were quietly requested, in the way of an order from the Board, to execute new bonds. New bonds were obtained; and I think in about six months after Dr. Madden came into the office, we succeeded in getting tolerably satisfactory bonds from all the existing societies.

496. *Chairman.*] Were the present law officers connected with the Board at that time?—I believe so.

497. Did not the state of the securities strike them as being defective, before you took up the matter?—No, they have been defective both in law and in practice; the security itself is prescribed by the Act of Parliament, and it is a very imperfect form, and the filling up of the bond is left to the very persons who give the bond, the clerks, and the people of the local societies; I suppose when they were deposited in the office, no one ever observed those defects upon them.

498. You say the inspector had been down there a few times previously to the state of the defalcation; did he make no observation to lead the Board to think that the society was in an unsound state?—Not the least in the world, nor did he make any observation to the treasurer of the society that there was anything upon the books which excited suspicion.

499. Do you know how he entered into an examination of the books; did he merely look at the accounts, or was he there on some day when the depositors came in?—It would be very difficult to say; Mr. Garratt was the inspector at the time, and he reported that the society was in a very satisfactory state.

500. You do not know what means he took to ascertain those facts?—I do not know, at all. One of the courses which I took with respect to the Lucan Fund, was to look very attentively through the past accounts. The treasurer of that fund was a personal friend of my own, a clergyman of the parish, and I advised him that for some years past there had been a great many appropriations made which appeared to me not to be justified; at my suggestion he, out of his own pocket, returned to the capital of the fund a very considerable sum of money, so as to increase the security for the depositors. Another course which I took then was this: after examining the whole of the accounts, it appeared to me there were profits to be made out of good management; that in the course of a few years a great deficiency, which had been created by the clerk's mismanagement and malversation, could be made good, and I advised some of the depositors to create a new capital. A new capital was created, and all the depositors agreed that the new capital should have priority over the old capital, and sufficient new capital was put in to work it; and though at the time, in 1850, the society, if it had been wound up, certainly would not have paid anything like 3*s.* 4*d.* in the pound, yet at the annual meeting held the other day, it appeared that, in consequence of their having put in that new capital, if the society were wound up to-morrow, instead of 3*s.* 4*d.* they could pay very nearly 17*s.* in the pound.

501. Then it must have been worked more extensively than there would have been
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been any occasion for if there had been no old capital to make good?—If there had been no capital to make good, the profit would no doubt have been very large. We stopped the appropriation of the profits in the way of charity, and the profits were accumulated and added to the principal in circulation.

502. If you had not been anxious to make good the effects of former mismanagement, you might have charged a lower rate of interest?—No doubt of it; it is quite clear, if the system were properly managed in a local district, the profits may be very considerable; and there was one of the societies which came under my knowledge while I was at the Central Board, which was managed upon that plan; I think it was at Antrim, where the society actually applied to reduce the rate of interest to the borrowers; it was that application, and a good deal of consideration about it, which led to the introduction of an entirely new system at the Central Board, which was to stop, as far as possible, such appropriations; that will be found in the circulars appended to the report of 1853; it was a paper I drew up myself, and submitted to the Board; it is the Circular, No. 25, and it completely altered the whole of the original system, which was to appropriate the supposed surplus profits every year; in that circular of the 4th of February 1853, I succeeded in laying down a new system, which was not to make any appropriations at all; I think myself that that circular is the foundation of an improvement which I regard as a very important one.

503. Did you recommend any other amendments than you have mentioned for the purpose of correcting the management of the Lucan Society, or any other society?—No, I do not recollect that I did then; soon after that, an investigation took place by the Board into Mr. Garratt's general neglect, and that ended in his being dismissed.

504. Was there anything but general neglect of his duties charged against Mr. Garratt?—There was a charge against him of having misled the Board by giving in reports of societies which turned out afterwards not to be true.

505. Was that from negligence only?—There was never anything else proved against him but negligence.

506. From your experience of the bad management of the Lucan Society, and your experience at the General Board, what opinion have you formed of the law relating to Loan Fund Societies which is now in force?—I am perfectly sure it is very imperfect; with a view to carrying out the system which is now in operation, my own opinion is, that the system might be rendered very advantageous if the law were amended; a great many alterations have taken place in the working of the law since the last Act of Parliament was passed. I believe the Petty Sessions Act has altered the operation of the law more than any other, and I think, very advantageously; I speak both as a magistrate and as a member of the Board; I think the greatest advantage has arisen from the Petty Sessions Act.

507. Mr. French.] Will you state the nature of the alterations made by the Petty Sessions Act?—The principal alterations made by the Petty Sessions Act are these: it enables one magistrate in petty sessions to decide a question about which there was a difficulty before; it regulates the practice as to warrants of execution; it gives power to the constabulary to execute those warrants. Before that it was a private matter; and I am quite sure, when it was in the hands of private bailiffs, there was a great deal of injustice and hardship inflicted upon the poor people; I think, also, another important improvement was made by giving the power of an appeal in all cases above 40 s.: before that the decision of the magistrates was final. There is a limitation, also, which is very important, that you must commence your proceedings within six months; I think those are the most important alterations. There had been before the Society at Lucan of which I speak, a society existing under the old law, and I remember being applied to to issue summonses in 700 or 800 cases of defaulters under the old law. I sat for six or seven days, but, to my satisfaction, I found that I had no jurisdiction.

508. Dr. Brody.] Are you aware of the alterations in the present law which Dr. Madden has suggested to the Committee?—No, I am not. Those suggestions were made after I left the Board, and I have not had an opportunity of seeing him upon the subject; many of my suggestions may correspond with Dr. Madden's, and some of them may differ.

509. Chairman.] Are all the suggestions which you wish to make contained in the paper which you have handed in?—All which struck me at the time I drew that paper up. There are one or two facts connected with the inspections which

I may

I may perhaps be allowed to state to the Committee: I have before me a memorandum which I made before I resigned, when the question about Mr. Kelly's inspections was under discussion; I found there were 120 societies on the list, and that all those had been inspected once in two years, that was at the rate of 60 a year.

510. At what time was that?—It was just before I resigned, in 1853; Mr. Kelly, being inspector in 1851 and 1852, he inspected all the societies twice in the two years. A question was then raised by Mr. Kelly about his salary, that he was not paid sufficiently. His salary was 300 £, and I calculated that he had received 600 £ for the two years; and dividing that between 120 societies, it was paying him at the rate of 5 £ for every inspection. I considered that the inspections were not sufficiently frequent, and that there was ample time for much more frequent inspection to be made.

511. Mr. French.] Was the Lucan Fund in existence then?—Yes.

512. Chairman.] Do you think Mr. Kelly's inspections, though they were not sufficiently frequent, were sufficiently perfect?—I think they were very imperfect; I think they were more imperfect even than Mr. Garratt's.

513. Mr. Kelly was removed in consequence?—There was an investigation at the instance of the Government, and he was removed.

514. Did the result of the investigation charge him with anything beyond neglect?—Yes, it charged him with more than neglect; I think it charged him with disobedience to the orders of the Board generally.

515. Do not you think, if the inspector were to inspect each Loan Fund Society every year, and be present on a day when the borrowers came to repay the instalments of their loans, it would be impossible for any mismanagement to a serious extent, to take place?—I think so; and especially if, at the same time, proper securities were taken from the officers. I have watched what has taken place at the Lucan Fund, and I do not see that any mismanagement could take place if the inspections were carefully made and sufficiently frequent.

516. In the form in which the accounts are now printed, there is a certain column which purports to specify the amount outstanding in the hands of the borrowers; of course that column affords very great facility for the cooking of the accounts?—No doubt of it.

517. Do you think, that generally speaking, the inspector took sufficient care to ascertain that that column was correct?—I am quite sure, with regard to the instance which I am personally cognizant of, such care was not taken; because any inspector, I am quite sure, might have detected in five minutes that which I detected myself.

518. Do not you think the most ordinary care in the world would detect it, in the majority of instances?—Yes; I think the way in which the books are made out is so perfect, that there would be no difficulty.

519. Is not there a certain day in the week on which depositors come in to pay the deposits upon their loans?—There is.

520. If the inspector were present on that day, would not he be able to tell whether those parties were *bona fide* borrowers?—Yes; I think that might be ascertained by an occasional visit. To show the Committee the necessity of the inspections being frequent, and of having the depositors and the various people together, I remember there was an order made by the Board, that the inspector, before he went to make his inspection, should issue summonses to all the persons who appeared upon the annual accounts to be depositors, to attend and produce their deposit papers; and prove, in fact, that they were *bona fide* creditors upon the establishment. In the course of the endeavours to carry that order into execution, it appeared that a great many persons were placed upon the accounts as depositors who were not depositors at all. That was one of the modes by which persons who acted as managers or officers have committed fraud. They represented persons as being depositors upon the accounts who were not depositors, and balanced that by fictitious accounts on the other side as to money, which was lent to people who had borrowed.

521. Were there not many instances in which borrowers had repaid their loans, in which no memorandum of their having done so was made in the books?—A great number.

522. Might not such frauds have been discovered by proper inspection?—Yes, I have no doubt of it. I am satisfied of this, that there are none of the

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frauds which have been discovered, which an inspector might not have discovered, if his inspections had been sufficiently frequent, and made with sufficient care.

523. Has the present inspector discovered many such frauds?—I do not know; he has been appointed since I left the Board.

524. Colonel *Dunne*.] Who appoints the inspectors?—The Act of Parliament directs the Lord Lieutenant to appoint them.

525. Are they always appointed by him?—They are always appointed by the Government.

526. Was there any attempt to select men who were well fitted as accountants to inspect those societies, or were they the ordinary appointments of political adherents?—I am sorry to say that during my time they were appointed altogether irrespective of their qualifications; and I think one of the great anomalies in the law is, that the Lord Lieutenant should appoint the inspector, and that the Board should have no power over that inspector.

527. Were the Board ever consulted upon the appointment of those inspectors?—Never, during my time.

528. Did the Board ever make any remonstrances as to the entire unfitness of some of the inspectors appointed?—Yes; and upon the removal of Mr. Kelly, I understand the Government desired the Board to recommend a proper person, and it was upon their recommendation the present inspector was appointed, Mr. O'Gorman.

529. Who is an efficient man?—Yes.

530. The Government changed their course upon finding that the old system broke down?—Yes.

531. And you would suggest, that in the new law there should be some test of fitness for the situation provided?—I think it is indispensably necessary, particularly with respect to the inspector.

532. *Chairman*.] How long would it take the inspector to make himself thoroughly acquainted with the circumstances of each Loan Fund Society?—It would of course depend upon the extent of the society; I should think a good inspector ought to inform himself thoroughly of the state of the accounts in a couple of days; I think it is a defect in the system that an inspection should only be made once a year; I think the inspection ought to be made half-yearly; also, I think it is a great defect that the societies have only to return their accounts once a year; I think they ought to return their accounts quarterly. It is impossible for any Board to detect frauds which have taken place at various times in the course of a previous twelvemonth.

533. Without inspection I presume the present accounts may be said to be worth very little?—Certainly; I regard the duties of the inspector as the most important of the whole system.

534. Would it be possible, in your opinion, to get any of the managers to inspect the accounts quarterly or half-yearly, so that the paid inspector need go down only once a year?—I do not think at present that could be done; I know I have devoted a great deal of time to it; I attended almost every meeting in the course of 1852, and 1853.

535. The question does not refer to the commissioners of the Central Board, but to the managers of each local society; do you think it would not be possible to get them to make inspections of the accounts at certain periods, half-yearly or quarterly?—They are supposed to make such an inspection now, for they certify the annual accounts to be correct, and they often put their names to accounts, and certify them, without understanding them the least in the world.

536. Would not it be possible to get some of the managers to satisfy themselves that the amount stated to be in the hands of the borrowers was really and *bona fide* in their hands; might not that be done once in every three months or six months?—They are supposed to do so now.

537. Would it be possible to get them really to do so?—My impression is, that it would be almost impossible to get any of the gentlemen in the country to do so.

538. How long were you a member of the Central Board?—From 1850 to 1854.

539. Did you attend often during that time?—I attended during that time at most of the meetings; I see I attended the last two years 23 times out of 32.

540. How

540. How often were the meetings of the Board held?—The meetings were supposed to be held once a fortnight. Sir John Kingsmill.

541. Were they actually held once a fortnight?—It was very seldom there was not a quorum to make a Board; during the whole time I was there the duties of the Board fell upon three individuals; Captain Lindsey and myself were generally the only two members who attended constantly, and the third was some gentleman who dropped in casually.

542. Mr. French.] Was not Mr. Bagot in the habit of attending?—Not so much latterly as he used to do.

543. Chairman.] You took, I suppose, a tolerably active part in the management of the Board?—I took an active part in endeavouring to make the system work better, and I think I succeeded to a certain extent, but when I found the Government would not take any account of our suggestions, I thought it was time to give up.

544. Do you think it possible to work the system efficiently with a Board of unpaid commissioners?—I think not: there were 40 members upon that commission, and for the last three or four years there were not more than three or four who attended the whole time.

545. Is it your opinion that, generally speaking, it is impossible to get unpaid commissioners to attend very zealously to business?—There is a defect in that part of the arrangement. According to the usual course of things you go to the meeting of the Board at 3 o'clock, and the secretary tells you of all the correspondence which has taken place during the past fortnight, and then, literally, except in a few instances, you are only called on to confirm what he has done; the Secretary is really the responsible person.

546. Mr. French.] Generally speaking, have the Board had important duties to exercise in their meetings every fortnight?—During the last two or three years, in consequence of the difficulties which there have been, some very important questions have arisen.

547. Is any notice that those questions are to be considered sent out by circular to the Commissioners?—Yes; in almost every instance when there was anything very special, it was stated in the notice which was sent to each member of the Board.

548. Has the attendance been fuller under those circumstances than usual?—I think, during the time the conduct of the two inspectors was under the notice of the Board, there was a fuller attendance. There was a great effort made by some gentlemen for the purpose of saving Mr. Garratt if possible, which brought up members to the Board who had not been in the habit of attending before. During the investigation as to Mr. Kelly, a great number of persons also attended.

549. With the same object?—No; I should say their object was to ascertain the facts.

550. Will you state any subject which you consider of great importance, as to which notices were sent out to the commissioners, but upon the discussion of which the attendance was small?—I think there were many subjects of great importance considered, when only three of us met; I should say, with the exception of the questions about the conduct of the two inspectors, the whole thing devolved upon two or three of us.

551. Chairman.] Have you any opinion as to the necessity of having a more efficient staff?—I am satisfied that there must be a more efficient staff, because I think it absolutely necessary that there should be some responsible person; I consider that the secretary is really and truly, and in Dr. Madden's case very properly so, the active and effective man, while at the same time he does not act under any responsibility, because what he does is supposed to be the act of the commissioners, who really know very little about it; I think, looking to the way in which commercial and other institutions are managed in this country, particularly insurance offices, which have some affinity to these, if there were one paid commissioner and the others were honorary, and the one paid commissioner took upon himself, in connexion with the secretary, the superintendence and management, so as to attend daily at the office, it would be quite sufficient. I do not think it is fair that the whole responsibility should be thrown upon the secretary, nor do I think it fair that gentlemen should be expected to confirm, without the opportunity of investigating it, every matter which the secretary for the time being suggests to them. There is another matter which is of very great

Sir John Klegewill.

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importance, I think. The paid commissioner should be in daily attendance, in order that he might have the power of acting at once. I know if that had been the case, a great deal of money which has been lost would have been saved. I recollect, as an illustration of that, one particular case in which Dr. Madden found it necessary to summon a Board out of the ordinary course, and he sent out specially to me to ask me to come in to Dublin. I think it was the case of Wexford, where a clerk had absconded with a good deal of money. I know that the course which I recommended the Board to adopt upon that occasion was followed, and the consequence was that in the course of a very few hours Dr. Madden went off himself to Wexford, and saved 400*l.*, or 600*l.* to the society. That all arose from our being able to act upon the instant. If it had been left to the next fortnightly meeting, the whole of that money might have been lost. In all money-matters of that kind, promptitude of action appears to me to be everything for security.

552. Do you think one inspection is sufficient?—I think one inspector would be sufficient with the present limited number of societies; at one time one inspector was considered sufficient when the societies numbered 400; I believe now they do not exceed 125.

553. If you are to have quarterly inspections of each society, and it requires two or three days properly to go into the accounts of each society; it would seem impossible that one inspector could be sufficient?—If there were 120 societies, supposing them to be inspected twice a year, that would occupy 240 days; some of the societies lie close together; I think two inspectors would be better than one, undoubtedly; it has been found necessary, in many instances, to constitute the secretary an inspector by making what we call special inspections; there were many instances in which the inspector could not attend, and many instances also in which he had neglected his duty, and it became necessary to send down Dr. Madden to make a special inspection; I think myself there ought to be two ordinary inspections every year, and certainly it would require two inspectors for that purpose.

554. Was Mr. Piesse inspector when you first joined the Board?—He was secretary.

555. The majority of the failures which have taken place, took place during his secretaryship, did not they?—Certainly; I should say that all the failures which have taken place arose from defects which existed during his service.

556. Of course, however, it should be borne in mind that he was secretary during the most unfortunate period, which was that of the famine?—Yes; which operated very materially no question; still I think there was a great laxity in the management, and in the inspection for a great number of years; there must have been.

557. The failures which took place during the famine, began to make people a little more particular?—Of course they did.

558. Do you think many failures have taken place since Dr. Madden has been secretary which did not take place in consequence of the rotten state of things which arose subsequently to the famine?—No, I think not; I do not think there has been any great malversation since then; there have been some clerks absconded, but I think they did so, because they found that the inspections were not so loose as they had been.

559. Then the law may, upon the whole, be said to have worked pretty well since 1850?—Yes, I think so; and with amendments made to it, I think it might be made to work very beneficially.

560. Do you think that all the failures which have occurred since 1851 have occurred in consequence of previous mismanagement?—I would not take upon myself to say that; I think the greater proportion must have been cases of mismanagement before 1851.

561. And of course some of the people who were allowed to mismanage before 1851, may have continued their neglect since; but you think that, generally speaking, the mismanagement which has taken place since 1851 has been the continuance of the old mismanagement?—Yes, I think so; and they have been bolstering up their previous unsatisfactory accounts.

562. Mr. French.] Can you state what the amount of capital, paying interest, was in 1852?—In 1852 it was 149,794*l.*

563. Do you know what the amount of free capital was in 1852?—£. 36,477; in 1845 it was 44,849*l.*

564. That

564. That shows a total of 186,271 *l.* as the capital?—Yes.

565. Can you tell us the number of Societies in 1852?—One hundred and thirteen.

566. Can you tell us the number of paid servants employed?—Two hundred and sixty-three.

567. What was the number of depositors of capital?—Two thousand two hundred and eighty-one.

568. What was the number of loans issued?—One hundred and ninety-one thousand eight hundred and seventy.

569. What was the total amount circulated?—£. 739,056.

570. What was the amount in the borrowers' hands, exclusive of had debts?—£. 175,384. 16. 8.

571. What was the amount remaining in the treasurer's hands?—£. 8,738. 18. 2½.

572. Can you state the amount of discount which was received in 1852?—£. 16,031. 1. 3.

573. Can you tell the amount of fines in 1852?—£. 3,316. 5. 6½.

574. The gross amount of profits?—£. 21,334. 15. 3.

575. The amount paid for salaries?—£. 6,229. 14. 2.

576. The total expenses of management, including salaries or wages, and loss on loans?—£. 7,991. 2. 5½.

577. The amount of interest paid on the capital?—£. 6,962. 11. 10½.

578. The net loss in 1852?—£. 163. 4. 6.

579. The net profits?—£. 5,962. 15. 6.

580. The amount of had debts?—£. 611. 10. 2.

581. And the amount actually expended for charitable purposes?—£. 1,072. 16. 5.; that is the entire account of 1852. I took a great deal of pains to make it out accurately. There is one observation I should wish to make upon the subject of free capital: when any of these societies have become insolvent, and have been wound up, the way in which it has been done is, that the free capital has literally been absorbed in paying a dividend to the debenture-holders; I think that is wrong in principle, because it is the devotion of money which might have been invested for a particular purpose, to pay the debts of another person; in fact a man who puts in his money at interest derives an advantage from the free capital; it becomes, as it were, a security in part for the return of his money.

582. When the debenture-holder lent the money, did not he lend it on the security of the entire property under the control of the trustees?—Undoubtedly he did, although the security, in point of fact, is nothing more or less than the promissory notes of the borrowers.

583. How was this free capital originally created?—I cannot state that of my own knowledge, but I have understood that a great proportion of it has been money given by benevolent individuals from time to time as a sort of nucleus to make a capital for the commencement of a local society.

584. Is there any other observation which you desire to make?—Nothing occurs to me at present.

Sir John Kingmill.

3 May 1855.

London, 7th die Maii, 1855.

MEMBERS PRESENT:

Mr. Urquhart.
Mr. Kirk.
Colonel Greville.

Mr. John Abel Smith.
Mr. French.
Colonel Dunne.

POLLARD URQUHART, Esq., IN THE CHAIR.

John Tidd Pratt, Esq., called in; and Examined.

*J. T. Pratt, Esq.
7 May 1855.*

585. Mr. French.] IN 1829 were you appointed as the Barrister to certify the Rules of Savings Banks?—I was.

586. Under the 3d & 4th Vict. c. 110, it was made necessary that Loan Societies should submit their rules to be certified by you?—Yes, as the Barrister appointed to certify the Rules of Savings Banks.

587. Therefore you are perfectly conversant with the working of the Loan Fund system in this country?—So far as the legal part of it is concerned, I am, with reference to the formation of the rules.

588. Are there many Loan Societies in England?—The number now in existence is 304.

589. Are they private speculations, or is there any public fund?—They are entirely private.

590. Is the amount circulated by them large?—The statute 3 & 4 Vict. c. 110, s. 27, requires a form to be sent to me every year, containing the operation of the societies which are in existence to the date of the 31st of December; the Return which I now put in is an abstract of the whole of those which I have received, and which will be presented to Parliament this day.

[The same was delivered in, and is as follows:]

LOAN SOCIETIES in England and Wales.

The statute 3 & 4 Vict. c. 110, s. 27, enacts, "That the trustees of every society established under the provisions of this Act, or which may become entitled to the benefits thereof, shall cause an abstract of the accounts of such society, for each year, to be made out and up to the 31st day of December, together with a statement of the funds and effects, and of the debts and liabilities of such society, and an estimate of the clear net profit or loss up to that period; which abstract statement and estimate shall be in such forms, and shall contain such particulars connected with the accounts and transactions of such society as the Barrister appointed to certify the Rules of Savings Banks shall from time to time direct; and a copy of such abstract statement and estimate, duly certified to be correct by the secretary, treasurer and at least one trustee, shall, during the month of January in each year, be delivered or sent to the said Barrister, and shall be laid by him before both Houses of Parliament, and every society which shall refuse or neglect to deliver such account as aforesaid shall be liable to a penalty of 50 £, to be recovered at the suit of the said Barrister against the trustees of the society, in any of Her Majesty's superior Courts of Law. Provided always, that the trustees shall not be liable, in their persons or goods, to the consequences of any judgment obtained against them in any suit; but the same shall avail and be enforced only against the stock and goods of the society in their hands or under their control."

ABSTRACT STATEMENT.

Name of Society and Place where held, No. 304.

Amount actually advanced and paid by Depositors or Shareholders

in 1854 - - - - - £. 178,011

Sums in Borrowers' hands on the 31st December 1854 - - - £. 318,399

Amount circulated in 1854 - - - - - £. 686,433

Number

Number of Applications for Loans in 1854	- - - -	169,647	J. T. Frost, Esq.
Number of Borrowers to whom Loans were granted in 1854	- - - -	133,869	
Amount paid for Forms of Application and inquiry in 1854	- - - -	£. 9,279	7 May 1855.
Amount paid for Interest by Borrowers or Sureties in 1854	- - - -	£. 28,118	
Gross Profits, being amount received from Borrowers, and Money paid for Forms of Application and inquiry in 1854	- - - -	£. 37,777	
Expense of Management in 1854	- - - -	£. 14,974	
Interest paid to Depositors or Shareholders in 1854	- - - -	£. 18,988	
Net Profits, after deducting Interest paid to Depositors or Shareholders, and Expense of Management in 1854	- - - -	£. 4,579	
Number of Summonses issued in 1854	- - - -	8,461	
Number of Distress Warrants issued in 1854	- - - -	375	
Amount for which Summonses were issued in 1854	- - - -	£. 14,674	
Amount recovered in 1854	- - - -	£. 9,994	
Amount of Cost incurred by Society in 1854	- - - -	£. 1,456	
Amount of Costs paid by Borrowers or Sureties in 1854	- - - -	£. 1,173	

591. What rate of interest are the Loan Societies in the habit of charging in this country?—Annexed to the Act is a Schedule, stating what sum the party must pay upon borrowing the money, and how much a week he must pay, and when the first weekly payment is to be made; I think the interest is about 12 per cent.

592. How are the expenses of management defrayed?—They are defrayed out of the interest received.

593. You are entitled to fees on certifying rules, are you not?—On certifying rules there is a fee of one guinea payable to me; but if any alteration is made in the rules within three years no further fee is payable.

594. Does each society pay that fee itself?—Yes; the parties who promote it.

595. And it is included under the head of expenses of management?—No doubt of it.

596. How are the net profits of 4,500*l.* a year disposed of?—After paying the expenses, and after paying the interest, whatever surplus there may be, I presume, is kept as the property of the society, and carried on to the next year.

597. Added to the capital?—Yes.

598. You say you presume so, are you aware that such is the fact?—No; but I think it follows as a matter of course. This return states what has become of the whole of the money, and the residue will remain as part of the capital of the society to be carried on.

599. Are you aware that in Ireland there is a power for each society, under certain regulations, to dispose of the surplus for charitable purposes?—Yes, I am aware of that.

600. Is there any such power in England?—There is not; it is a private speculation entirely.

601. Have you any idea what the amount of the accumulated capital is at this moment?—From this return, which states the sums in the borrowers' hands, that is 312,299 *l.*, and the amount circulated, 686,483 *l.*; I should not imagine there was a great deal more as the property of the society than the amount they have in circulation; it may be a little more, but not much.

602. Taking the rate of 4,000*l.* profit last year, had every year been as beneficial to the societies, there would be 80,000*l.* accumulated at this moment?—Yes, but the Committee must remember that very likely, the first year, there were not a dozen societies started; I imagine that if any surplus should be in the hands of the society to circulate immediately, they could do so week after week; the instalments are always, by the rules, payable weekly, after a certain day.

603. But the entire 12 per cent., or surplus, would be clear profit to the society, though in the other case they had to pay 5 or 6 per cent. to the depositors?—Yes.

604. Has it been found necessary to bring in Acts to amend the original Act?—There have been two Acts; one was the 3d and 4th Vict. c. 110, which repealed a previous Act of Will. 4.

605. Do you consider the system has been working advantageously for the country?—I think, in the country, it does work advantageously, but in London I have very great doubts whether it works well.

606. What proportion of the societies are in London, and what in the country?

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—I cannot

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—I cannot tell that at the moment; one reason why these societies do not increase as they otherwise would is on account of the repeal of the Usury Laws: when the 3d and 4th Vict. passed, the Usury Laws were in existence, and therefore no society could lend money at more than 5 per cent.

607. That is the rate of interest these societies now pay?—That is the rate of interest they generally pay to depositors; since the Usury Laws have been repealed there is no limitation to the amount, and the only expense is the stamp; they may charge any amount they please by way of interest, and they are not limited, as they are under the Loan Societies Act, to not lending any individual more than 15 *l*.

608. Will you be good enough to state the system on which the money is lent, the charges at the time of lending, and the time and mode of repayment?—A party applies to a society, say for a loan of 10 *l*.; he is required to give the name of one or more sureties, and to pay the sum of 1 *s*. 6 *d*., for which he has a printed form of application given to him to fill up: if the sureties are found sufficient, the society advance him the 10 *l*., upon the terms mentioned in their rules; and the rules contain a scheme which is taken from the schedule to the Act.

609. *Chairman*.] You say a person borrowing 10 *l*. pays interest on the sum he borrows; on receiving the money what rate of interest does he pay on the sum he borrows?—The Act of Parliament lays down the sum which he has to pay; it is about 12 per cent. per annum.

610. When you say it is at the rate of 12 per cent. per annum, do you take into consideration that he repays the principal by instalments?—The interest is calculated in that way; the 1 *s*. 6 *d*. is supposed to include any expense of the inquiries and clerk's salary.

611. *Mr French*.] In the event of their declining to make the loan, is the applicant still charged with the 1 *s*. 6 *d*. for that purpose?—He is still charged it.

612. *Chairman*.] Whatever may be the amount of the loan, is he charged 1 *s*. 6 *d*.?—They sometimes make a difference, saying that if it is a loan not exceeding 5 *l*. the payment shall be 1 *s*., but that is very rare; they generally charge 1 *s*. 6 *d*.; the expenses of the inquiry would be the same, whether the loan was 5 *l*. or 15 *l*. Adverting to the schedule of the Act 3 & 4 Vict., I will take the first scheme; if a person borrows 10 *l*. he will have to pay 12 *s*. by way of interest at the time of advancing the loan; he has likewise to pay 4 *s*. a week; the first instalment to be payable on the 11th day, reckoning the day after the loan as the first. If a man borrows 10 *l*., 4 *s*. a week would be paid for 50 weeks, and he pays 12 *s*. for interest; there are 12 schemes in the schedule. By the next scheme the party would pay for 10 *l*., 12 *s*., and then the weekly instalments would be 6 *s*., the first instalment beginning on the 16th day after. By section 22, if the scheme adopted is not one mentioned in the schedule the rules cannot be certified until a certificate has been obtained under the hand of the actuary to the National Debt Office, that the rate of interest proposed to be taken, including all charges except the sum of 1 *s*. 6 *d*., or so much as shall be received for the form of the application, is not greater than is allowed by the Act. The 21st clause provides for the rate of interest, that the trustees may demand from every person to whom a loan shall be made by way of discount at the time of making the same, the full amount which shall be specified by the enrolled rules of the society, not exceeding in the whole the rate of 12 *l*. by the hundred for the full term of one year, and to receive the amount of the principal sum by instalments, at such time or times, and in such proportion or proportions, as shall be specified by the enrolled rules, but so, nevertheless, that the first repayment shall not be paid sooner than the 11th day after the day on which the loan shall have been actually granted and advanced. So that under this Act I never certify any rules unless they contain one of the schemes in this schedule, or if the scheme is not mentioned in the schedule, then, without there is a scheme certified by the actuary to the Commissioners for the Reduction of the National Debt, who certifies that the scheme is one which does not authorise the taking of more than the interest allowed by the 21st section, which is 12 per cent.

613. *Mr French*.] What is the shortest time under the plans set out in the schedule in which the loan is repayable?—That depends upon the amount of the weekly instalments. I will take the last, No. 12. Suppose a party wants to borrow 10 *l*., the sum which would be taken by way of interest would be 5 *s*. ;

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the weekly instalment is 10*l.*, payable the 76th day after the money is lent ; that would only be one payment, but then there is only 5*s.* taken for interest.

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614. Mr. Kirk.] Whatever time the repayment begins or ends, the actual amount of interest paid will be at the rate of 12 per cent. per annum?—Yes, that is fixed.

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615. *Chairmen.*] That is the rate of interest first charged ; if you take into consideration that the borrower pays up a great deal of the capital of the loan in a much shorter time than a year, he pays a good deal more, does not he?—No ; if he were to pay it all immediately that would be so ; but if you take the instance I mention for 76 days, no instalments are paid ; but the interest is paid in the first instance.

616. Mr. French.] Is there any system of fines to enforce regularity in the payment of the instalments?—No, they are strictly prohibited.

617. In the event of an instalment not being paid at the time specified, what course are the managers obliged to take for its recovery?—Either to go before a magistrate or before a county court, and recover the entire remaining portion.

618. In no case are there any fines allowable?—There are not any in any case.

619. Mr. Kirk.] You stated in a former part of your evidence that you thought the system worked well in the country?—Yes.

620. Have you any idea of the relative location of the different societies in the country?—When I tell the Committee that we have but 304 societies, and that there are 16,000 parishes in the kingdom, it is only, generally speaking, in cities like Birmingham, Manchester, Liverpool, that the greater number of those societies are situated. I was alluding to the agricultural districts, because we have a few which are started there, established by clergymen and gentlemen, and the accounts I have heard of them are to the effect that they work, as I suppose those Loan Societies were intended to work, for the benefit of the poor people, by lending small sums to prevent the necessity of their going to the pawnbrokers.

621. Can you inform the Committee about the radius of the circle within which they operate?—I cannot.

622. Suppose the radius of the circle to be five miles, do you think if a man borrows 10*l.*, and has to perform 50 journeys within the year, each of which must necessarily be 10 miles, there can be any great benefit derived by him ; he pays 12 per cent. per annum for the loan, and then he has 50 journeys of 10 miles each for the purpose of repaying that loan?—In the first place, I am not aware that there are such societies to which a man would have to go five miles ; the majority of the societies, as I said before, are in London, Liverpool, Manchester, Norwich, Birmingham, and in my opinion they are local.

623. When you used the word "country," you meant the large towns in the country?—No, I referred to some agricultural parishes. There are a few agricultural parishes, in which clergymen and gentlemen have started them more upon a philanthropic principle ; but at the same time they have borrowed the money, and therefore they pay interest for it. I think those societies work as they were intended, for the benefit of the poor, rather than in large towns, where they borrow sums up to 15*l.* In the few agricultural societies, they limit them to 2*l.* and 3*l.*

624. I can quite understand and believe that the parties desire to do good ; I wish to see whether practically they do good or not?—I cannot answer the question ; I should quite agree that if a man had to go so many miles, it could be of no service to him. I should say that those societies were almost all local, and I do not think they would lend the money to a man at a distance of five miles, because they would have to send over some person to inquire after him, and 1*s.* 6*d.* would never pay the society to send five miles to inquire after the man's character, and his sureties.

625. Am I to understand that that supposed case does not exist?—I do not think it does. I cannot say it does not.

626. Would not it be on the whole much better for a poor man that the last scheme should be resorted to in all cases, of one payment at a fixed time?—In my opinion, you would not find societies which would lend the money upon those terms.

627. You think that that which would do the greatest amount of good, would not be likely to be carried out?—I do not think they would trust borrowers to

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pay 10*l.* in that way. According to the last scheme, if 10*l.* is lent a man, he pays 5*s.*, and then he does not pay anything till the 76th day, when he has to pay 10*l.* I do not think a society would lend their money upon those terms. I have never yet had to certify rules containing that scheme.

628. Are you intimately acquainted with the practical working of these societies?—No.

629. *Mr. French.*] Is there any power in your hands, or in the hands of any one else, to wind-up those societies, in the event of their taking greater interest, or transgressing the rules certified by you?—No; if they took greater interest, an objection might be taken in case of their proceeding against any party for recovering the money under the Act.

630. Do you think it advisable that such a power should be vested somewhere of winding-up the societies, if they transgress the rules?—These are all private speculations, and when you consider that the Usury Laws are repealed, I do not conceive that any good would arise from such a power. The only advantage, under the Loan Societies Act, which loan societies now enjoy, is exemption from the stamp-duty.

631. Are you aware whether the borrowers have been compelled, in many instances, to deal with shopkeepers who are managers of these societies in London?—I do not believe that anything of that kind occurs.

632. *Chairman.*] You said that all the societies were obliged to transmit accounts of what they have done every year; have those accounts been regularly sent?—Yes.

633. Are they in full form, or only in a skeleton form?—Every society fills up this return, as applicable to its own dealings.

634. Might not a society, in which there was a fraudulent treasurer or a fraudulent clerk, fill up this return, so as to present a fair appearance, while at the same time there should be no security as to the sums actually existing, which are there stated?—Certainly.

635. With respect to the sum stated to be in the borrowers' hands, it requires some care to see whether that sum does actually exist or not?—Each return is signed by the secretary, the treasurer, and one of the trustees of the society.

636. *Mr. French.*] Is there any security given by the managers of these societies in this country?—None at all, except any security the trustees may think fit to take themselves from their own officers.

637. Have there been any losses to depositors?—I do not know.

638. *Chairman.*] Have you any reason to suspect that any accounts have been garbled, which have been sent to you?—I have no reason to suppose so; I do not see the object of it.

639. Do you keep any inspectors to go down and inquire into the affairs of these societies?—No, there is no power; they are merely private speculations.

640. The people who set them up are responsible to the lenders of the money for the sum lent to them, are they not?—They are not personally responsible; the Act of Parliament expressly states in section 9, "That for every sum of money deposited or to be deposited with any Loan Society otherwise than by way of gift, it shall be lawful for such society, if they shall think fit, to issue a debenture, to be registered in the books of the Loan Society by whom such debenture shall be payable, and no such debenture shall be liable to any stamp-duty." Then, by section 10, "That no treasurer, trustee, or other officer of any Loan Society subscribing a debenture, shall be individually responsible in person or property for the payment of the same, or of any interest thereon; but such debenture shall be a charge on the capital and property of the society alone, unless such treasurer, trustee, or other officer, shall in the instrument, or by writing at the foot or on the back thereof, declare his or their willingness to so be liable in person or property; and such understanding shall only apply to the specific sums so guaranteed."

641. Is there any capital paid besides the money borrowed on debentures?—The parties who form the societies.

642. Are not those parties in any degree responsible to the people who lend money on debentures?—The persons who borrow on debentures have only a claim upon the property in the society.

643. It is a sort of partnership with limited liability, the liability being limited to the capital in the society?—That is all.

644. Is the capital of the society generally considerable in addition to the money

money borrowed on debentures?—This return is printed every year, and no doubt will be printed immediately, and you will then see the name of every society, and the transactions of each.

645. *Mr. French.*] That capital proceeds from money gifts, or from accumulated capital added, does not it?—Exactly so; a society is generally formed by some tradespeople, who will put down a certain sum, and then they borrow money either from depositors upon debentures, or in any way they can get it.

646. *Chairman.*] Do they generally pay up the whole sum at once?—That I am not competent to answer.

647. Do not the people who form those societies divide all the profits among themselves, after paying the interest of the debenture holders and the expenses of management?—No doubt, it is their property; and if they do not divide it they keep it, in order to advance it again.

648. They make it into capital again?—Yes, so that if the society were dissolved the property would belong to the parties who formed the society.

649. If there were to be a failure, would the debenture holders have a claim against any sum they so kept?—I should think so; that would be reckoned as part of the capital of the society.

650. Is there any rule about their being obliged to keep a certain sum?—No.

651. Are all those societies independent of one another?—They are.

652. You said just now, that it was necessary for the societies to inquire into the character of the people who borrow money; are the people who borrow money generally mere labourers, or are they householders and small tradespeople?—In the country, I believe that in some instances they are labourers, but they only borrow to a small amount; in London, I should think, in very many instances they are small shopkeepers or clerks.

653. There is a great migratory population in the large towns in England, consisting of labourers, who move from place to place to obtain work; do those sort of people generally avail themselves of these Loan Fund Societies?—I am not aware that they do. I should doubt whether they would find sureties in that case. Last year there were only 133,860 loans granted.

654. Have you any return of the amount of bad debts?—The amount for the recovery of which summonses were issued last year was 14,674*l.*, and the amount recovered 9,944*l.*, being a loss of rather more than 4,000*l.*

655. You are not able to give the Committee any information as to the class of borrowers from which the loss was incurred?—No.

656. A few years ago you were sent down to inquire into the causes of the mismanagement and loss in the Irish savings banks, were not you?—Yes.

657. Do you know the system upon which the Irish loan funds are managed?—I do not.

658. Is there any suggestion which you are desirous to make to the Committee upon the subject referred to them?—No, I am not aware of any.

659. In your evidence before the Savings Bank Committee, you stated that a clever actuary could not commit a fraud, if the trustees and managers were to exercise proper care; do not you think that if Loan Fund Societies were managed on the same principle as the Irish savings banks are managed, and the trustees and managers did their duty properly, it would be impossible for a clever actuary to commit a fraud?—In supposing the trustees and managers do their duty, it is upon the supposition that no transaction should bind the society, except it take place in the presence of a trustee or manager.

Francis R. Bertolacci, Esq. called in; and Examined.

660. *Mr. French.*] DO you hold a situation in the Treasury?—I did.

661. During the time you were in office there was a large sum of money vested in the Treasury by the Trustees of the Reproductive Loan Society?—There was. Perhaps I had better state the purposes to which that money went. The fund in question is the Irish Reproductive Loan Fund; that was the residue of the relief subscription in 1822, which was contributed to relieve the distress principally in the West of Ireland. At the termination of that relief there was a balance remaining in the hands of the committee in London, and certain balances remaining in the hands of the Relief Committees in Ireland, to whom the money had been sent for distribution in food, clothing, &c. There was about 40,000*l.*

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J. T. Pratt, Esq.

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sent over from England, and about 15,000*l.* added to that, or supposed to be added to it by the trustees in Ireland; that fund was worked for a certain number of years, from 1823 to 1844; the County Boards of trustees again issued that money in loans through the medium of local associations. The Boards of Trustees were under the audit of a London Board of Directors or Auditors, and in 1844 a charter of incorporation was granted to the London Board to give it those powers of control over the Boards in Ireland which was found to be necessary for the better working of the system: that was not found to be so effectual as was anticipated, in consequence of legal difficulties, to which I am about presently to advert. When the incorporated society took a corporate existence under the royal charter, one of the provisions made in granting that charter was, that three of the members should be appointed by the Government; those three members were, the Secretary to the Treasury, Sir John Young, Mr. John Shaw Lefevre, the Secretary to the Board of Trade, and Mr. Leake, the Principal Clerk Assistant to the Secretaries. When the distress was felt in 1847, Mr. Leake, at the Board of the governors of the institution which assembled, made some remarks to the effect that probably it would be advisable that this fund should be handed over to the Government, to be disbursed, instead of being circulated in loans; that was in the early part of 1847. Towards the close of that year a communication was made from the Treasury to the Chairman, Mr. John Abel Smith to the same effect. Mr. John Abel Smith then consulted with the other Governors upon the subject, and they consented to give up their charter, that this money might be collected and disbursed for objects of public utility and charitable purposes not otherwise provided for by local rate or assessment. As I had been the secretary to the Irish Reproductive Loan Fund, when it was partly under the Treasury and partly under the original Board of Directors, I was appointed to carry out the Act of Parliament, which dissolved this corporation and vested the money in the Treasury.

662. You were the secretary to the Board before there was any connexion with the Treasury, were you?—I was appointed before the Act passed to vest the money in the Crown; but after the society was incorporated by charter, partly under the original Directors and partly under the Treasury. I may state that, speaking now, not from what occurred during my connexion with the society, but from information I have been able to collect, that when the money was handed over to the trustees in Ireland by the Relief Committee of 1822, a Board of Directors was appointed to superintend it; and it was always supposed by the Board of Directors to have been the object of the Relief Committee that this Board of Directors should exercise a power of ownership over the property, so that, if necessary, they could recall it; but from the fact of the money having been sent over direct by the Relief Committee, and the money not having gone through the hands of the Directors, legal difficulties occurred which really rendered them nothing more than auditors. Some of the funds in Ireland were subject to serious mismanagement by the Boards of Trustees and local associations. When I was elected secretary, one of the subjects I wished to ascertain was the actual power which the Governors of the corporation had over the funds; and for that purpose I collected various papers, and submitted those papers to Messrs. Freshfield, the solicitors to the corporation, for their opinion; and that opinion I have here, which, with the permission of the Committee, I will put in—*(The same was delivered in.)*

663. You state there was a sum of 40,000*l.* sent over to Ireland; was there not also a sum of money placed in their hands for defraying the expenses here, and sending Mr. Hyett to Ireland?—Yes; that was a sum of 6,000*l.*

664. Have the additional sums received as accruing balances been able to make up 300*l.* a year to pay Mr. Hyett?—About that amount.

665. That sum of 6,000*l.*, with the additions to it, was afterwards transferred to the Treasury?—Yes; I should also state that certain funds in Ireland were also transferred to the Treasury.

666. Mr. John Abel Smith. How much money was transferred by the Irish Reproductive Loan Fund Trustees to the Treasury?—On the 31st of December 1853, I made up the account of the Irish Reproductive Loan Fund; I wished by that account to show the total amount which had been applicable to Ireland, and the total amount which had come into the possession of the Treasury of what belonged to the original grant by the Relief Committee, for the management of the fund in England. By my statement of that date, 59,827*l.* 7*s.* 6*d.*

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was the amount which had appertained to Ireland, and 9,364*l.* 8*s.* 10*d.* the amount which had appertained to the fund granted specially for the expenses of management in England; the total being 69,191*l.* 16*s.* 4*d.* The 59,827*l.* 7*s.* 6*d.* which appertained to Ireland was the proceeds of 43,331*l.* 15*s.* 8*d.*, the total collected up to the 31st of December 1853, from the trustees in Ireland of the Loan Fund, and it included a sum of 5,130*l.* 0*s.* 5*d.* appertaining to the agricultural schools. It included also a sum of 5,000*l.* belonging to the Fisheries, sent over by the Directors in London to the Paymaster of Civil Services in Ireland, before the Act of Parliament passed to vest the money in the Crown; it included 4,547*l.* 11*s.* 4*d.*, the proceeds of dividends and interest on Exchequer bills, and taking at that date the value of the profit of the investment of cash in the funds and Exchequer bills, 1,818*l.* 1*s.* 7*d.* The sum of 9,364*l.* 8*s.* 10*d.* was composed of 1,283*l.* 15*s.* 11*d.* paid by Messrs. Smith, Payne & Smith, 1,787*l.* 3*s.* 4*d.* dividends on stock, and 6,293*l.* 9*s.* 7*d.* value of 3½ per cent. annuities.

667. Did the sum of 69,191*l.* 16*s.* 4*d.* include all the sums of money received by the Treasury on account of the Irish Reproductive Loan Fund up to the 31st of December 1853?—Yes.

668. Mr. *Fresh.*] Taking this sum of 69,191*l.* 16*s.* 4*d.*, which the Treasury received, can you give the Committee any account of what has been done with it by the Treasury?—Yes; I wish first to state that this account goes up to the 31st of December 1853, and I have no information before me beyond that period. There may have been sums given away since that, which of course I know nothing of, because my connexion ceased with it in March 1854. Up to that time, out of the sum to which you have alluded, 100*l.* was given as a compensation to an officer of the trustees under the 12th clause of the Act authorising the Treasury to do so; 250*l.* was given for the enclosure of a cemetery in Sligo; 2,300*l.* for the enlargement of the infirmaries in the same county; for the establishment of agricultural schools at Limerick, 1,000*l.*; payment to agricultural instructors, 3,832*l.*

669. When those grants were made, are you able to state whether the grants were made on account of funds applicable to each county, or generally from the entire fund?—I was very particular in enforcing that clause of the Act of Parliament which required the funds collected in each county to be disbursed only in that county; and that was one of the principal conditions made by the governors of the fund on handing it over to the Treasury, that the original allocation of the fund should not be disturbed. Then there was a sum granted for the improvement of the growth of flax, in the whole of the ten counties, 6,000*l.* There was also a sum chargeable to the fund of 158*l.* 11*s.* 5*d.*, the proportion of expenses of collection by the late governors; making a total of 13,640*l.* 11*s.* 5*d.* Then there were some incidental and law expenses, amounting to 20*l.* The whole amounted to 13,660*l.* 11*s.* 5*d.*, which left a balance of 29,761*l.* 4*s.* 3*d.* upon the amounts collected from the trustees of the Loan Funds in the several counties. There was an amount paid by the Paymaster of Civil Services to the Board of National Education in Ireland, being a grant from the Lords of the Treasury to agricultural schools in Munster of 600*l.*, leaving a balance of 4,530*l.* 0*s.* 5*d.* applicable to agricultural schools specially; amount lost in attempt to establish fish-curing stations, 4,123*l.* 13*s.* 11*d.*, leaving a balance of 876*l.* 6*s.* 1*d.* specially reserved for the encouragement of the fisheries; making the total sum remaining at the disposal of the Treasury on the 31st December 1853, of the sums originally transferred to the Crown to be disbursed in Ireland, 35,167*l.* 10*s.* 9*d.*; add the sum received by the Treasury from the interest of money collected in Ireland up to 31 December 1853, 4,547*l.* 11*s.* 4*d.*, and you will have 39,715*l.* 2*s.* 1*d.* as the balance remaining at the disposal of the Treasury, on 31 December 1853, of the amounts transferred to the Crown by the governors and trustees to be expended in Ireland; add to this last-mentioned amount the increased value of sums collected in Ireland and invested in stock and Exchequer bills, and you will have 41,533*l.* 2*s.* 2*d.* as the total balance which was specially applicable to the objects of the Act of Parliament in Ireland on the 31st December 1853.

670. Mr. *John Abel Smith.*] Was the sum of 2,963*l.* the aggregate amount of money paid for taking care of the fund, from the time the fund was handed over to the Treasury up to the date of that return?—Yes, it is the sum paid by the Treasury for salaries up to that date.

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671. It was the whole expense of the management of the fund, from the time it was handed over to the Treasury to the date of that return?—No, there are some other items, which I am going to mention.

672. It was for expenses?—Yes; then there were travelling expenses, 89 *l.* 10 *s.* 8 *d.*; incidental expenses, 4 *l.* 0 *s.* 4 *d.* The total expenses were 2,956 *l.* 15 *s.* 4 *d.* Then there is the sum of 287 *l.* 19 *s.* 9 *d.* It was a reimbursement to a member of a local association, of the sums which he said had not been received by him.

673. The whole amount to be deducted from the 9,364 *l.* is the first item 2,956 *l.*, and that 287 *l.*?—Yes, leaving a balance of 6,119 *l.* 13 *s.* 9 *d.*

674. *Mr. French.*] Did the Treasury give credit in account for any interest received on stock or funds in their hands?—Yes, all that is taken credit for.

675. *Chairman.*] Did not you say that some deductions had been made from the sum which you mentioned, since the 31st of December 1853?—Yes.

676. Do you know what moneys have been spent by the Treasury since the 31st of December 1853?—There was my salary to March, and there was the salary of my two clerks to the same period.

677. *Mr. French.*] Was your salary, and that of your clerks, chargeable upon that fund solely?—It was chargeable to the fund generally, under the 12th section of the Act of 11 & 12 Vict. c. 115, but it was paid out of the English fund for the management; and there was a compensation made to me, in consequence of what the Treasury was pleased to consider had been my exertions in the matter. On ceasing to be connected with the fund the salary, which was, up to the 31st of March, 75 *l.*, and the reimbursement of the deductions from my Ordnance salary, making together about 120 *l.*; besides that, the sum which was given to me was 300 *l.*

678. *Colonel Dimes.*] Was that given by the authority of the Treasury?—Yes.

679. You were a clerk in the Ordnance Office?—I was.

680. But you did not, for some years, do any duty in the Ordnance, did you?—No; my time was taken up by the Treasury in the management and collection of this fund from the year 1848.

681. But you were borne on the strength of the Ordnance department as a clerk in the Ordnance department?—Yes.

682. Of what class?—When I was first connected with the Treasury, I was a first class junior. At the latter part of the time, and I went back to the Ordnance, I took my promotion as senior. It was one of the conditions; this was a temporary thing, and I said to the Treasury, "I cannot give up a permanent employment for a temporary."

683. Will you tell me why a clerk in the Ordnance was taken from the Ordnance and attached to this Irish Loan Fund, as if there were not clerks in the Treasury?—Because I had had peculiar opportunities of knowing the circumstances connected with the affair.

684. You had had a previous connexion with the Fund?—Yes.

685. Now you have returned to the Ordnance, and are a clerk in the Ordnance of the senior class?—Yes.

686. Are you aware of the Act, the 11th & 12th Vict. c. 115, which transferred the balance of the Reproductive Loan Fund to the Treasury?—Yes.

687. The power of distribution, subsequent to that Act, was given to the Lord Lieutenant?—Subject to the approval of the Lords Commissioners of Her Majesty's Treasury.

688. It was an uncontrolled distribution at the will of the Lord Lieutenant, subject to the approval of the Treasury?—The Treasury had the controlling power.

689. The Lord Lieutenant then had no power but that of suggestion?—He selected the object, and recommended it; the Treasury never originated anything, but always referred parties to the Lord Lieutenant for selection and recommendation, and the Treasury either approved or disapproved.

690. There were certain debts or engagements to which the Reproductive Loan Fund was subject; by a clause in that Act were not they repaid out of the sum so transferred?—No; the Treasury undertook no liabilities of the previous governors.

691. Then they did not pay, in fact, any previous liability?—No.

692. Do

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692. Do you recollect the schedule to that Act, in which a sum in cash and securities was handed over to the Treasury?—I made out that schedule.

693. Can you tell the Committee the exact amount of that; were not these the sums, a sum in cash, 3,058 *l.* 5 *s.* 6 *d.*, and a sum in 3½ per Cent. Annuities of 7,457 *l.* 9 *s.* 8 *d.*; are you aware of those two sums?—That was a correct schedule when the Bill was in progress.

694. Therefore any charges upon that fund should be entered in the accounts kept subsequent to the passing of that Act?—No; because the Treasury were only answerable for the amount actually handed over to them.

695. Were not the Treasury bound to show in the account what they paid out of that sum?—When the Bill was introduced a schedule was made out of what the sums were, and a power was given to the governors of the fund by the 3d section of that Bill, when it became the Act of 11 & 12 Vict. c. 115, to pay compensations to all the officers out of the amount, and to hand the balance over to the Treasury; the Treasury was only responsible for the actual balance handed over to them.

696. How was the public to know anything of what those compensations were unless they were entered in some account?—An account was to be rendered by the Treasury under the 14th Clause of the Act, but the governors received the sanction from Parliament to make compensations.

697. Why should not the amount of the compensations given appear upon the face of the accounts rendered by the Treasury since the passing of the Act?—The Treasury only hold themselves liable to account for the sums they received; these were the instructions which were given.

698. Therefore the sum which the Treasury received was less than that in the schedule by the amount of the compensations given?—Yes.

699. Can you tell the Committee the amount of those compensations?—It was principally my own; my salary was 200 *l.* a year under the governors, and it was about to be increased to 300 *l.* a year; when the governors were asked to hand over this fund, which was a private fund previously, the Government having no control over it. The governors made a condition that a compensation to their officer should be made out of the fund which was originally handed over to them by the Relief Committee of 1822 to pay the expenses of the management.

700. What was the amount of those compensations?—The amount of the compensations, I think, was about 1,580 *l.*

701. Therefore the sum which the Treasury accounted for is the sum mentioned in the schedule, less the amount of those compensations?—Yes.

702. The sum mentioned in the schedule, as far as I can collect it, is 40,644 *l.* 12 *s.* That is the amount they are first to account for since the passing of the Act, less the compensation which you have mentioned?—Yes, less the compensations and office expenses; but I do not see how that sum is made up.

703. There is another schedule which gives the amount due from each of the counties which was to be recovered from the trustees of the several counties; considerable sums have been received since?—Yes.

704. They are stated in the Return of 1853?—Yes.

705. The sum to be accounted for will be that sum of 40,644 *l.*, less the compensations added to the amount recovered since; is not that the sum which the Treasury will have to account for?—Yes; the sums in the Schedule less the compensations and expenses.

706. Does the amount recovered since amount to 43,331 *l.* 12 *s.* 8 *d.*?—No; part is included in the Schedule, having been collected before the Act.

707. Mr. J. Abel Smith.] Can you tell the Committee what sums respectively are due from the Treasury to be spent in each county out of the 47,000 *l.* which remained as a balance on the 31st of December 1853?—I will prepare the account and put it in.

708. Chairman.] Have none of the sums so recovered been spent in the counties except those from which it was recovered?—None.

709. Has that rule invariably been adhered to?—It was up to the time that I left the management of the Fund.

710. I see the item "Payment to agricultural inspectors;" were not those agricultural inspectors for the benefit of the whole of Ireland?—No; the payments to them were only for the 10 counties to which the Fund was originally allocated.

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711. Was the grant for the improvement of the growth of flax confined to the 10 counties?—The sum disbursed was.

712. *Mr. J. Abel Smith.*] You have paid a very considerable attention to the working of Loan Societies both in England and in Ireland, have you not?—I have.

713. Are you cognisant of what occurred in reference to the management of the Irish Reproductive Loan Fund by the inspection of books or documents before you actually became personally acquainted with it?—I have a pretty good knowledge of what transpired.

714. Had not you also been the manager of an attempt to introduce Loan Funds in London?—Yes; at least I was honorary secretary to one, and in that capacity, with the assistance of clerks, managed it under a board of direction.

715. Are you aware of the general principles upon which these societies have been managed of late years in Ireland?—Yes.

716. Can you state what the amount of loan generally has been, the amount of interest charged, and the terms upon which the principal was to be repaid?—On looking into the loans which have been made by the Irish Reproductive Loan Fund, I find the average was generally between 2 *l.* and 3 *l.* loans to small traders; up to the year 1843, the rate of interest was 6 *d.* in the pound; it was then reduced to 4 *d.* in the pound, that is to say, upon what was termed the twenty-week system, a pound being lent and paid back in 20 weeks. The 6 *d.* in the pound really averaged between 12 and 13 per cent per annum upon the loan.

717. How?—For this reason; if a pound was lent and paid back in 20 weeks, the average period for which the man would have the whole money, would be 10½ weeks; consequently, 6 *d.* was the payment for the use of 1 *l.* for 10½ weeks. It is upon this basis I have made it out to be 12 per cent. per annum; after the Act of 1843, the interest was reduced to 4 *d.* in the pound, and that comes out by the same process of calculation to about 8½ per cent. per annum.

718. *Mr. French.*] Did you find that that reduction acted prejudicially towards the management of the societies?—I do not think it had any particular effect one way or the other, as far as I could ascertain.

719. Were there any complaints made to you by the managers of the societies upon the subject?—I do not recall any to mind: I believe the system, whether under the 4 *d.* or under the 6 *d.* was not generally understood; I found in my inspections in Ireland it was linked in with various transactions, which do not generally appear upon the face of a loan system; in connexion with it, I found that in some cases the loans were made by parties who were either connected with the vending of articles, or as was very frequently the case, where the Loan Fund did not do any good, it was held at the rent office. The loan system, I believe, both in England and Ireland, is calculated to be of very great benefit to the working classes; but its effect is deteriorated by the fact, that the man does not always receive the benefit of the money by being able to apply it in the way of reproductive labour. Whether the rate of interest is 8 per cent. or 12 per cent. I think is very immaterial, as far as the actual benefit to the individual goes, because the difference is so small compared to the benefit he derives from the loan, if it is really applied to the object for which the loan was intended, but I have no hesitation in saying from my experience, both in this country and in Ireland, that in very many cases it was not so, but I should say that that more generally occurred in Ireland; I found a system to exist of this kind: the loans were issued at the rent roll-office; if a man could not pay his rent the answer was, "Take a loan;" he would take a loan; that loan would at once go to the credit of the rent; he would pay interest upon it, and he would become saddled, not only with the rent, but with an additional debt for interest, and he would pay it back by instalments; so that in point of fact the reproductive loan system did not operate in many cases to the benefit of the individual for that reason. I should state with regard to the loan system, that in England my first connexion with it was from 1838 to 1841, when I was asked by Mr. Drinkwater Bethune, who was then counsel to the Home Office, and took a lively interest in the society of which Mr. John Abel Smith was one of the trustees for aiding the industrious classes in England, to become honorary secretary to it. In that capacity I obtained a good deal of information with regard to the mode of applying the money on the part of the poor people, and I found, that generally speaking, they turned the money over, to use their own expression, once a fortnight, sometimes once in three weeks, sometimes once a month.

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month; but the most profitable trades were those which were connected with vending articles of food; so that the ordinary rate of interest of money formed but a very small proportion of the proceeds of the money: for example, if a person took 10*l.*, and reproduced that sum in the shape of money by vending the articles he bought with it, it would return to him upon an article of food about 10 per cent; that is to say, I found upon inquiry, that what he would buy for 10*l.* he would sell within a week or ten days for 11*l.*, so that really the rate of interest charged to him ought not, in that case, to be reckoned in proportion to the rate of interest which he made in a large mercantile transaction where you would take the value of the interest according to the per-centage which was made by the capital, but it should be reckoned according to the benefit which that man's labour derived, and would be able to derive from the money; and I think I cannot do better on this subject than put before the Committee a prospectus of a friendly loan society which was established in London under the patronage of the Queen, of which I was the honorary secretary; appended to it are letters of thanks addressed to me from various parties.—(*The same was delivered in.*)

720. The Reproductive Loan Fund Society, in the year 1838, got the societies connected with them excluded from the control of the Central Loan Fund Board in Dublin?—The Act which the Reproductive Loan Fund first worked under in Ireland was the 4th Geo. 4, c. 42; another Act was passed, the 10th Geo. 4, c. 42; a third Act was passed, the 6th & 7th Will. 4, c. 55, which was the first Act which established the Loan Fund Board in Ireland. That was the first countenance which the Government gave to the receiving of money on debentures, for the purposes of charitable loans.

721. It was also the first recognition of the revision of the rules, and the certifying of them by a barrister, was not it?—It was.

722. It also required that after a certain legal rate of interest had been paid, the surplus profits should be applied to charitable purposes?—Yes.

723. In 1838, on the Government bringing in an Act, the Reproductive Loan Fund Directors got themselves exempted from the operation of that Act?—Yes; at the request of the trustees in Ireland.

724. Have you any reason to believe it was at the request of the trustees?—Yes; from the various correspondence which I have seen, there was a degree of fear on the part of the secretaries to the trustees that these loan funds might be taken away from them, and put under the Dublin Loan Fund Board.

725. You are aware that the secretary of the Reproductive Loan Fund Board took a very strong course in the way of writing letters to the trustees, stating that they would withdraw the money if they connected themselves with the Board?—That had reference to a much more recent event.

726. You are not aware of that fact?—I am not.

727. Are you aware that the members of the Loan Fund Board remonstrated most strongly with the Government against the exemption which they gave to the Reproductive Loan Fund Board?—I was not connected then with the Board in London, and I am not aware of it; but I believe some attempt was made on the part of the Loan Fund Board to get possession of this Reproductive Loan Fund; and that it was the desire of the trustees in Ireland, that they should not be placed under that inspection.

728. What do you mean by getting possession of the Reproductive Loan Fund?—When I say "possession," I understand that the Secretary to the Loan Fund Board made certain propositions that he should receive a salary for superintending these funds direct from the Board in London.

729. Who was the secretary then?—Mr. Piesse.

730. Have you any letters from Mr. Piesse, making a proposition of that kind, or have you ever seen any letter?—No; I obtained that information from what was stated in the course of a conversation at the Board; I believe he came to the Board to make a proposition of that kind.

731. Mr. Piesse, you say, was anxious to get possession of the position and salary of Mr. Hyett?—I believe that was the case, and it was the general opinion, which I heard mentioned both in England and Ireland.

732. Had the Board the power of winding up any societies in connexion with it, which disobeyed their orders, or transgressed the regulations of the Act of Parliament?—That will be found fully explained in the opinion of Messrs. Freshfield, which I have to day put in; it was conceived by the directors that they had; they conceived that they had the power, or ought to have it, because it was,

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no doubt, originally intended by the Relief Committee of 1822, that the Board of Directors should have the power of control and general supervision of the funds. But it so turned out, by the mode in which these trusts were made, from the money being accidentally sent over by the Relief Committee instead of by the Directors, and, therefore, not going through the hands of the directors, that in a legal point of view it was not possible to enforce it, if the trustees opposed themselves to it; but in two counties, where the transactions were not as it was conceived they should have been, where I believe there were defalcations, the money was recalled; these were the counties of Lestrin and Tipperary; and it was re-issued to a fresh Board of Trustees.

733. So that the committee had not the power to wind up societies, nor did it turn out that they had, legally, the power even of recalling money advanced from the Reproductive Loan Fund?—Not legally; but equitably, they had.

734. Did they possess any legal power of winding up societies?—They had no legal power of winding up societies in a legal way, unless the trustees assented to it.

735. Had the Board in London any power of inspecting the societies in connexion with it?—The constitutions of the trusts were such that they could not be disturbed; the trustees had certain trusts imposed upon them, and the governors had certain duties imposed upon them, and those were relative to each other, and they could not interfere the one with the other.

736. Generally speaking, were the trustees connected with the way in which those societies were managed in Ireland?—Looking back to the reports upon the subject, I find that very favourable reports have been made by the inspectors of the trustees to the trustees, and by the trustees to the governors in London. I think it would more clearly explain the matter if I made a statement of what took place at the time when I was appointed. When I was first appointed, the chairman told me he wished for matters to be more closely looked into than they had been. I first went over in 1845, and examined the accounts of the Boards of Trustees; from what I saw in those accounts, it struck me that the reports made by the secretaries of the trustees to the Board of Trustees were not quite consistent with the facts of the case. I had some suspicion about it; and the next year I was told to go round and make an inspection of the local associations, and I found, in going into the details of them, the Board of Directors in London had been very materially deceived; they had received from the trustees the reports which had been annually made to them, and had embodied those reports in their returns; and, in point of fact, a large portion of the Reproductive Loan Fund was not then in operation. When I went to some of the local associations, in some cases I found they were not in existence, and yet the chairman, in some instances, had been signing those returns, and had sent them to London, and they had, consequently, become embodied in the returns, as I have said; in other cases, I found that the system was working in a very lax way; and all those circumstances put together, I believe, were the cause of the governors of the fund assenting to the transfer of the fund to the Treasury, to be disbursed for charitable purposes.

737. Finding the system not to be working beneficially to the country, nor satisfactorily to themselves, they thought it advisable to wind it up, and place the money in the hands of the Treasury?—Under the Lord Lieutenant.

738. *Chairman.*] In what year did they come to that resolution?—At the end of 1847.

739. *Mr. French.*] Have you ever made a calculation of the amount of money which was made over, as you mention, and was lost?—No; it did not come within our knowledge; it remained with the trustees.

740. Do you consider that the evils in the working of the system, of which you complain, could have been remedied, if there had been a proper inspection established over those Loan Funds, and a power to wind them up vested in the London Board?—Yes; I think if there had been that power vested in them, the institution might have been turned to considerable good. That was one of the things I pointed out to the Treasury at the time of the transfer of the fund. I pointed out, that if the loan system was worked in a proper manner, I thought a greater amount of good would be derived to the labouring classes, by the system of loans, than by any other mode of applying the money; but I was free to admit, that where the fund was worked with laxity of principle, the evils perhaps more than counterbalanced the good.

741. Have

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741. Have you ever considered the kind of enactments which would be necessary to make the plan work beneficially?—I cannot say that I have.

742. Should you be able to lay before the Committee any suggestions as to the principles, and the mode of enforcing those principles, which you think it would be advisable to embody in an Act of Parliament?—I have no doubt I could.

743. *Chairman.* You say you have paid very great attention to the working of Loan Funds in England, as well as in Ireland?—Some years ago.

744. Do you think banks in England have been in the habit of making, or would make, small loans, which might supply the place of Loan Fund Societies to a certain extent?—No, because the amounts would be too small; and the mode of collection I do not think would correspond with the usual modes of transacting business by bankers.

745. Are you able to say what is the lowest amount of loan the banks are in the habit of making?—I am not aware.

746. In England do they ever make loans as low as 10*l.*?—I am not aware.

747. Do not you think they might be more inclined to take up that kind of business since the repeal of the Usury Laws, which enables them now to lend money at any rate of interest which they please, so as to cover the risk and trouble of making small loans?—I do not see how the banks could make advances to the poorer classes, unless it was upon accommodation bills; generally speaking, the banking system is that of discounting bills.

748. Could not a banker make an advance upon an accommodation bill, say for 10*l.*?—An accommodation bill is not a legal instrument.

749. You said just now that loans were made by the vendors of articles on at the rent office; to what sort of people were those loans made; were they generally labourers or very small tradespeople?—Labourers, and tradespeople, and others; holders of small tenements and farmers.

750. Do you mean to say that that happens in England as well as in Ireland?—My answer has reference only to Ireland.

751. Were Loan Fund Societies ever set up by agents or by landlords, for the purpose of enabling the tenants to pay rack-rents or usurious rents?—It is difficult to state what their object was; they were applied in many cases to the payment of rents.

752. *Colonel Duane.* Are you aware of any case of a man coercing a tenant in that way?—I cannot speak to the actual individual, but I have had it from one of the magistrates, who told me that it was a very common practice in the district, and looked upon it as a very prejudicial one.

753. What district was that?—It was at Castlereagh.

754. I see in the Schedule to the Act sums which amount to 22,096*l.* 17*s.* 10*d.*; you say that the sums in Schedule (D.) of the Act are contained in the monies which are set forth in Schedule (A.); under what head in Schedule (A.) are they set forth?—The sums appearing in Schedule (D.) to the Act 11 & 12 Vict. c. 115, as having been paid from the various counties, form a portion of the 22,893*l.* 10*s.* 5*d.* Three per Cent. Consolidated Annuities, stated in Schedule (A.)

755. Therefore that amount of 40,551*l.* 13*s.* 8*d.*, which is the total in Schedule (A.), is the whole sum handed over at that period by the English Trustees of the Irish Reproductive Loan Fund?—Yes; the amount of Schedule (A.), less the deductions for compensations and liabilities allowed by the third section of the Act.

756. Was there any deduction made from that sum which actually reduced it?—When the Bill was passing, the sums were put in, subject to the privilege of the governors to compensate their officers.

757. And that compensation was actually deducted?—Yes.

758. What was the amount of it?—The sum of 3,058*l.* 5*s.* 6*d.* in Part No. 1 of Schedule (A.) to the Act of 11 & 12 Vict. c. 115, was the amount of cash at the bankers of the governors of the Irish Reproductive Loan Fund on 3 July 1848, when the Bill was in its progress through Parliament. From that date to the 4th September 1848, when the Act passed, 108*l.* 0*s.* 8*d.* was the sum paid for salaries to the secretary and an accountant, and for rent of office, leaving the actual sum of cash, on the date of the Act, to be transferred to the Treasury, of what had been included in Schedule (A.), 2,950*l.* 4*s.* 10*d.* The sums subsequently placed to the account of the governors at their bankers, on account of dividends on stock, were 173*l.* 10*s.*, and for petty cash unexpended, 8*l.* 0*s.* 7*d.*, thus making the total sum of cash of Schedule (A.) to be accounted

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for to the Treasury, under the Act, 3,131 *l.* 15 *s.* 5 *d.* Of this sum the governors of the fund applied, under the powers given to them by the third section of the Act, to the payment of salaries of secretary, clerks and accountant, 115 *l.* 9 *s.* 6 *d.*; to law expenses, 60 *l.* 13 *s.* 2 *d.*; to brokerage, on the transfer of stock to the Government, 11 *l.* 3 *s.* 4 *d.*; to compensation and gratuities to officers, 1,610 *l.*, making a total deduction of 1,797 *l.* 19 *s.* 6 *d.*, and leaving the amount transferable to the Treasury, and transferred accordingly, 1,333 *l.* 15 *s.* 11 *d.*; of which 1,283 *l.* 15 *s.* 11 *d.* was paid to the Paymaster-general by Messrs. Smith, Payne & Smiths, and 50 *l.* (which had been erroneously included under the same head) to the Paymaster of Civil Services in Ireland, in the cash paid over by Messrs. Latouche & Co. at Dublin, on account of sums received from the county trustees.

759. You mentioned an English and an Irish fund; what is the distinction between them?—The Irish fund was composed of the 40,000 *l.* sent over by the Relief Committee of 1822, for the establishment of Loan Funds, to which was added about 15,000 *l.* unexpended balances in the hands of the Relief Committees in Ireland, making together upwards of 55,000 *l.* The English Fund was a grant by the Relief Committee of 1822 to the directors in London, for the payment of the salary of their secretary, to inspect and audit the accounts of the Trustees in Ireland.

760. What was the amount of that?—That was 6,000 *l.* with accruing balances, and those balances made it up to about 8,000 *l.* or 9,000 *l.*

761. There remains to be accounted for that sum, subject to the deduction of the compensation, and whatever has been collected since by the Treasury?—Yes.

762. Referring to the schedule, you will see there the balance of 47,000 *l.*; will you explain what has become of it?—On the 31st of December 1853, there was in the hands of the Paymaster-General, 845 *l.* 8 *s.* 3 *d.*; in the hands of the Paymaster of Civil Services, 1,632 *l.* 3 *s.* 7 *d.*; by credit, to cash on account of purchase of stock, 43,267 *l.* 4 *s.*; by profit, by increase of value of investment, 1,818 *l.* 0 *s.* 1 *d.*; which makes up the total sum the Treasury had to account for, and here it is accounted for in the return.

763. Mr. *Prescd.*] For what purposes has the Paymaster of Civil Services that money in his hands?—He holds the money as the representative of the Treasury in Ireland.

Richard Robert Madden, Esq.; further Examined.

R. R. Madden,

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764. Colonel *Greville.*] YOU were asked, in Question 95, whether the treasurers and officers were obliged by the Act of Parliament to give security; the answer you are reported to have made, is: "If the Board call for it; it does not oblige the Board to ask for security"?—That is the fact.

765. Is that according to the Act of Parliament?—Yes.

766. Is it the Act of Parliament passed in the year 1836?—No, in the year 1843.

767. Had the treasurers of those societies which failed given security?—Generally speaking; there are very few societies where they have not given security.

768. There were some where they had not done so?—A very few.

769. You stated, on a former day, that one of the great difficulties you had to deal with was with regard to appropriations of the surplus profits of the Loan Fund Societies; that those were productive of very great evil; you said that you had drawn up a statement of the whole of the grants for all purposes since 1843; were the purposes to which those surplus funds were applied charitable purposes?—They were called so, but in many cases I do not think they were.

770. I believe the Act required that they should be appropriated to local charitable purposes?—To local, charitable or useful purposes.

771. Is that according to the Act of 1843?—Yes, the last Act; the words are: "charitable or useful purposes in the locality."

772. You are aware that there have been instances in which those funds were not laid out upon purely local charitable purposes?—Yes; I think they have very often been laid out for jobbing purposes.

773. Do you know of any instance in which the funds were laid out for the erection of a school upon gible-land belonging to the Established Church?—Yes, at Castletown Delvin.

774. The

774. The school which was built being out of the surplus profits of that society which became insolvent?—Yes.

775. You are not aware, probably, that most of the debenture-holders were Roman Catholics?—A great majority, I know, were so.

776. That school is not in connexion with the National Board?—The school does not exist, and no use is made of the house now, and I could not dispose of it when I was down there regulating the affairs of the society, because it was built on glebe land.

777. The proceeds of that which might otherwise have gone to liquidate the debt and pay a larger per-centage in the pound to the debenture-holders, is now entirely lost?—It benefits the glebe, and it is lost to the depositors.

778. The house having been built upon the glebe land?—Yes; between 200*l.* and 300*l.* has been expended.

779. In other cases where buildings have been erected, you have disposed of them, have not you?—In many cases the treasurers did not take the precaution of getting proper leases, and the depositors were deprived of the advantage of the buildings; they could not be sold.

780. Did you ever make an application to the rector at Castletown Dublin, in reference to that building?—No, we laid the papers before our lawyer, with a view to taking proceedings for the recovery; but he was of opinion that we could take no proceedings against the parties, inasmuch as there was no lease obtained for the ground.

781. You never had any communication with the authorities of the Established Church?—We had no communication with them.

782. *Chairman.* Have you any further observation which you desire to make?—I should be glad to be allowed to add to my evidence, that although I have spoken of a great many badly-managed societies, there are also some very well-managed ones, which are productive of great good; those funds which are under the management of Lord Erne and Lord Clancarty, and some other managers, are of that nature.

Jouis, 10^e die Martii, 1855.

MEMBERS PRESENT.

Mr. Urquhart.
Mr. French.
Colonel Greville.

Mr. Kirk.
Colonel Denne.

POLLARD URQUHART, Esq., IN THE CHAIR.

The Reverend Charles King Irwin, Examined.

783. Mr. Kirk.] YOU have had some practical acquaintance with the working of Loan Funds in the north of Ireland?—I had, several years ago.

784. In particular, are you acquainted with the working of the Loan Fund at Portadown?—That was the only one with which I was practically acquainted.

785. Did you hold any public situation at one time at Portadown?—I was incumbent of the district.

786. Can you describe to the Committee the working of the loan fund system there, with regard to loans of 1*l.*, of 5*l.*, and of 10*l.* respectively, mentioning the mode and the terms of repayment?—There were no loans of 10*l.* made during the time I was at Portadown. The limit of the loans was 5*l.* in whole pounds: they did not lend fractions of a pound, as far as I recollect.

787. Will you begin with the operation of a loan of 1*l.*, and describe the system?—Of course the Committee will not expect me to give them any idea of the proportionate number of 1*l.* loans as compared with others; I have not had access to the documents for that purpose; but there were a considerable number of 1*l.* loans, and of course that naturally indicated the very lowest class of borrowers in point of means. That man must have been little better than a pauper who applied for a 1*l.* loan.

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788. By

*R. R. Madden,
Esq.*

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Rev. C. K. Irwin.

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Rev. C. K. Jervis.
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788. By what means did he obtain from the fund the loan of 1*l.*?—As well as I recollect the rule, no loan was granted except upon a week's notice; that is to say, on one office day the party obtained the necessary form, and on the next office-day he applied for the loan. On the day he applied for the loan, he brought with him two bailsmen, and upon that day he generally took the loan home with him. The rule was, that it should be repaid by instalments within 20 weeks, and that the interest amounting to 6*d.* should be deducted from the face of the loan; in fact it was more properly discount than interest.

789. Have you made any calculation as to the actual cost per cent. on such a loan?—The actual interest must be ascertained, in the first place, by considering what is the real value of a loan continually decreasing by successive repayments. It is the same thing to lend any number of pounds for 20 weeks, to be repaid week by week at the rate of 1*s.* a week, as to lend the same number of guineas for 10 weeks, to be repaid at one payment; I believe I may state that as a fact. If the Committee wish, or have the patience to listen to it, I will give them the reason why I come to that conclusion. To lend a sum of money upon the usual plan of the Loan Funds, is equivalent, in point of fact, to lending the whole original sum for one week, the borrower repaying that, and taking it out, minus 1*s.*, for the next week, repaying that, and taking it out, minus 1*s.*, for the following week, and so on for the 20 weeks; it represents, therefore, what is technically called a decreasing arithmetical proportion. The sum of such a series is ascertained by adding the first and last terms, and multiplying it by half the number of terms. If you perform that operation upon a 1*l.* loan repaid in that manner, you will find that the sum of the series is 210. Now supposing a permanent loan of 1*l.* 1*s.* for 10 weeks, you will find that the sum of such a series of terms is 210; consequently it is palpable, that a loan for 20 weeks, repaid by weekly instalments, is equivalent to a permanent loan of the same number of guineas for 10 weeks; that is the ground on which I assert that a permanent loan of a guinea for 10 weeks is the same thing as a Loan Fund loan of 1*l.* for 20 weeks. Now 6*d.* for 10 weeks, or 70 days, is equivalent to 2*s.* 7½*d.* for 365 days, which is consequently the interest upon one guinea for a year; and hence the simple proportion, 21*s.* : 2*s.* 7½*d.* :: 2,000*s.*, gives 12*l.* 8*s.* 3½*d.* as the precise interest per cent. per annum of a Loan Fund loan of 1*l.* But that does not, in my opinion, represent the transaction, because the interest, or more properly speaking the discount which is taken, is not the whole cost of the loan. In order to ascertain the whole cost of the loan, you must consider the circumstances under which it was lent; the borrower, as I have said, must bring with him two bailsmen. I know that it is legitimate to call the expenses of those persons 2*s.*, because I know that in my experience at Portadown they were paid by the borrowers 1*s.* each, or 1*s.* worth; the man's own time cannot be calculated at less, and consequently there are 3*s.* of expenses in the first instance, to be added to the interest upon the loan.

790. Is it according to your experience that the Loan Fund Office was ever open for the purpose of lending money except in the day time?—No; there never could be a loan given except in the presence of the acting members of the society for the day, and they never attended except during office hours, which were from ten to about three. Besides the expenses I have named, there was always 1*d.* charged for the card on which the account was kept, and I estimate 20 journeys to repay instalments, after the first journey to get the loan, at 1*d.* a journey. That constitutes a permanent charge on every loan of 4*s.* 9*d.*, increased by the amount of interest, which of course varied with the amount of money borrowed.

791. Will you give a summary of your reasons for stating that the 20 journeys cost 1*s.* 8*d.*?—My reason for calculating the 20 journeys at 1*s.* 8*d.*, is this: I knew individuals to pay 1*d.* to the clerk of the Loan Fund to take in their instalments after the office hours, and we fined them 1*d.* for being after office hours: it was our rule, to lay on them a fine, which we technically called the tardy fine, for not being there with their deposits in time; and many persons deliberately incurred the tardy fine, preferring to save their day at home and to come late to the office to leave their money, even sometimes paying 1*d.* as a bribe to the clerk to take it after office hours; I consider, therefore, their own estimate to have been 1*d.*

792. Colonel Greville.] Who brought in the money?—The party himself would

would bring in the money, but he would do his day's work first, as far as he could, and then bring it in and leave it with the clerk after office hours.

Rev. C. K. Trevelyan.

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793. Mr. French.] Were you officially connected with the Loan Fund of Portadown?—For a short period I was; I resigned my connexion with it in consequence of objections I was led to entertain to the working of the system.

794. At what period were you connected with it?—The Loan Fund was opened in the winter of 1838, and I gave it up in the spring of 1839; I could not have been more than six months connected with it.

795. Are you aware whether that fund was connected with the Reproductive Loan Fund, or whether it was under the control of the Dublin Loan Fund Board?—It had nothing to do whatever with the Reproductive Loan Fund; I conclude that any connexion with it would have been the way of obtaining capital, and I know how its first funds were procured.

796. It was under the control of the Dublin Loan Fund Board?—Yes; a gentleman of the name of Piesse was the officer of that Board. I have stated the amount which is charged as a permanent charge on every loan, namely, 4s. 9d.; the cost per cent. per annum, in my opinion, on loans of 1*l.* would be accurately 130*l.* 7s. 1*½*d. per cent. I speak with considerable hesitation, if I rightly understood an honourable Member to state that a very eminent mathematician differs from me; but, as far as my figures enable me to judge, I think I am right; it is very remarkable how tremendously the per-centage increases as the loan diminishes.

797. Mr. Kirk.] Will you be kind enough to inform the Committee what you consider to be the interest and charges per cent. per annum on a loan of 5*l.*?—On a loan of 5*l.*, I consider it to be 36*l.* 0s. 9*½*d. per cent. per annum.

798. The reason of the diminution is, that the cost of obtaining the loan is always, or nearly always, the same?—Always; the only variation is in the amount of the discount.

799. The rate of discount is about the rate of 13 per cent. per annum?—A little less.

800. The interest and charges upon a loan of 5*l.* consists first of 13 per cent. per annum discount, and the cost of obtaining the loan?—Yes, about 12*½* per cent. plus the constant.

801. Were there many defalcations of payment in the Portadown Loan Fund?—They became very numerous. During my short official connexion with it, it was a newfangled thing, and they were not so numerous; but my observation of the institution, in fact, my knowledge of the proceedings, did not terminate with my own official connexion with it, and I know that so numerous were the defalcations, or at least so increased was the necessity for enforcing repayments, that the process-server was contracted with, and did his work by contract.

802. What was the usual course of proceeding to recover those small debts?—The party was summoned, and if he was worth it, it was recovered summarily before the Petty Sessions Bench, and if he was not, his bailsmen were attached.

803. Before the Petty Sessions Bench in every case?—As far as my knowledge goes.

804. Is it consistent with your knowledge that sums of money were borrowed by parties and used for the purpose of paying rent?—I should scruple to say that that was consistent with my knowledge; it is quite consistent with my conviction.

805. The Rent Office and the Loan Fund Office were adjacent, were not they?—Not during my connexion with Portadown.

806. You are aware that there was a fever hospital, or some such building erected near Portadown?—I am; but that is long since my connexion with the place.

807. Are you, or are you not, aware that the money appropriated to that building was the supposed profits from the Loan Fund?—Yes.

808. Are you aware whether they were actually profits?—I cannot speak from my own knowledge as to that; they were asserted to be, and I presume they were.

809. Were not they rather apparent than real?—I am not aware, but from what I knew of the Loan Fund, as long as I was there, a much larger expenditure would have been quite consistent with the amount of their profits, in my opinion.

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810. I think

Rev. C. K. Irwin.

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810. I think you were connected with the Portadown Loan Fund at its commencement?—Yes, I was one of those who first established it.

811. Are you aware where the funds came from to commence that Loan Fund?—I am.

812. Will you have the goodness to state the source?—The first amount was a loan by the Duke of Manchester; I am not sure whether he was then Duke of Manchester or Lord Mandeville; he lent us 200 *l.* to start with.

813. Without interest?—It is a long time ago, and I am not sure; I think it was without interest; I should think we repaid it within the first month or two.

814. Was there any other fund?—We issued debentures directly.

815. Who were the parties who took those debentures?—I took one myself, for a small sum I had in trust for charitable purposes in the parish. There were not many debentures during my time; I think there were four or five; I recollect an old lady smuggled in a sum of money which she said she did not wish her husband to know she possessed; she took a debenture; and there were some persons who had 50 *l.* or 60 *l.* to spare, persons of limited income, who took debentures; I recollect a sister of the constabulary officer of the place took a debenture, but I cannot be very accurate as to the amount.

816. Was interest paid upon those debentures?—Yes.

817. At what rate per annum?—At 6 per cent. per annum.

818. You paid 6 per cent. per annum to the debenture holders, and you charged 13 per cent.?—We promised to pay 6 per cent., but I did not continue long enough in the institution to have anything to do with any payment of interest; I conclude it was paid.

819. Were not you paid for your own?—No.

820. Have you any other statement to make on the subject of the Portadown Loan Fund?—I cannot say that I have. The Committee probably see that I have a very strong objection to the whole of the system as at present constituted in Ireland, and I scarcely know how it could be modified to meet my views. I think the rural population of Ireland are not ripe for being benefited by money loans; some years ago, I published a little essay on the subject in one of the periodicals, in which I suggested, that what I believe to be the usage with regard to the encouragement of fishermen, namely, giving them boats and nets, to be repaid by instalment, should be applied, if anything of the kind were done, to the system of general loans; that is to say, that you should give people agricultural implements or implements of trade upon bail for repayment by instalment, without interest, and that the articles so given should not be capable of being seized for rent or made the subject of distress. It strikes me, that something of that kind is what the country people in Ireland are more fit for than to have money placed in their hands to trade with upon their own judgment and discretion.

821. Is it consistent with your knowledge that small dealers or tradesmen have borrowed money in this kind of way from the Loan Funds?—I think I recollect some small country dealers, grocers and such like, being borrowers; I recollect also, that it opened the door to a great abuse, which we felt at the time, that in many instances their bailsmen were the wholesale dealers from whom they purchased their stock.

822. Is it also consistent with your knowledge that those parties, in order to make a payment to the Loan Fund, were obliged to sell the stock they thus purchased, at a considerable loss?—It might be so, but the question suggests, what I might have more fairly spoken of when I was examined as to the expense of the loan. People so sensibly felt the loss of time in going to and fro for their repayments, that in a variety of instances they laid down on the counter a part of the very loan they were getting from us as a prospective instalment; I have repeatedly seen that. I have also repeatedly seen this; it was a rule of our society, I suppose it is a general rule in all such societies, never to contract a fresh loan with any party till the old one was cleared off. I have seen them hand to their bailsmen a sum of money out of the fresh loan, the meaning of which was, that the bailsmen had furnished them with the means of paying the two or three final instalments, in order to enable them to take out a fresh loan.

823. Mr. French.] You have stated that the interest, according to the calculation made by you, amounts to about 13 per cent. upon a sum of money borrowed for 20 weeks?—About 12½ per cent.

824. Do

824. Do not you assume in making that calculation that the borrower would invest the sum of money paid weekly to his advantage; is not it necessary to assume that he would under the circumstances, if the payment were to be made at the end of 20 weeks, regularly every week invest to his own advantage, either in the savings bank or somewhere else, the 1 s. in the pound?—That may be necessary to the theory of Loan Funds; it is not necessary to my calculation. My calculation has nothing to do with how the borrower employs the loan; it is based upon what he lends himself to pay.

825. Supposing the borrower has to repay the money at the end of 20 weeks, and he puts by into his own box 1 s. each week, to enable him to repay it at the end of the 20 weeks, how would you make out 13 per cent.?—It does not signify to my calculation where he gets the money. Sixpence a week for 20 weeks, on the supposition of a repayment of 1 s. per week, would amount to that. It is a guinea loan. If a man gets 1 l., stipulating to pay 1 s. a week, it is a guinea loan for 10 weeks.

826. If the man were to pay the money out of his weekly earnings, how would he pay it except by putting by the money each week?—If he put by the money each week, the Loan Fund Society would not have the advantage of the weekly payment.

827. But he would not make more money by keeping it useless in his own box than by paying it into the Loan Fund Society?—I do not mean it to be understood that the Loan Fund Societies reap the whole of the monstrous advantages I have stated, in the shape of cost to the borrower; I never said that the Loan Fund Societies made 130 per cent. of a pound; I said the borrowers lost 130 per cent. They get more than the 13 per cent., because they get the penny for the pass-book, which will make a trifling alteration; but of course they do not get the 3 s. which is expended for the time of the men, nor the 1 s. 8 d. for the 20 journeys.

828. You have assumed in making your calculation of the large per-centage which you say the loan costs the borrower, that he is at the charge of 3 s. for his own expense, and the expense of the two sureties in taking out the loan?—Yes, but that does not go into the pocket of the Loan Fund Society.

829. You would qualify that to a certain extent by the admission, that if persons in a superior rank of life were among the bail, of course this sum would have to be struck off?—Yes.

830. Supposing the borrower lived in the town where the Loan Fund was, and his two bailsmen were friends or relatives of his, do you think there would be any charge?—I should think there would not; it is possible there might not be; I cannot answer for that; still there would in all likelihood be a treat.

831. You have stated, that in the Loan Fund of Portadown they were in the habit, in case of delays of payment, of fining to the amount of a penny?—In the case of payments not being made in office hours; if they did not make them at all, they would be charged on the next day 2 d. in the 1 l., as a fine; but they were charged a penny for being late, without any reference to the poundage.

832. That, I suppose, was under some private rule?—A bye-law.

833. *Chairman.* Might not they pay their penny to avoid being fined 2 d. the next day?—It must be borne in mind that the 2 d. next day would be 2 d. in the 1 l.

834. *Mr. French.* Were these fines of 1 d. on the same loan repeated more than once?—I should think so; I cannot at this distance of time, answer the question accurately.

835. Nor probably can you say whether, in the Portadown Loan Fund, the fines of 1 d. for irregularity, and 2 d. for non-payment, were inflicted more than once?—I should think they were; I cannot answer from my knowledge; I should add that the 2 d. in the 1 l. paid on the next day was calculated on the whole loan; what he had paid, as well as what he had not.

836. If the sum borrowed was 5 l. he was fined 10 d.?—Yes, though it were the last instalment.

837. Are you certain of that?—I am certain that while I was connected with it, that was the rule. I cannot say how far modifications afterwards ensued; but while I was personally cognizant of the working of the fund, I am perfectly certain that that was the rule.

838. You stated, that you calculated 130 per cent. on a loan of 1 l., and 36 l. 0 s. 9 d. on 5 l.; with those large sums paid for interest, and the very large

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sums exacted for fines in the Portadown Society, how do you account for the failure of that society?—I am not able to account for it; it has gone on since the year 1838 to the year 1854; I do not know how it has been operating during that time, but I understand the clerk ran away with the money; I know that from the public newspapers.

839. Are you able to state whether any security was taken from the clerk, or not?—I am not; at the time I was connected with it, the person I understand to be now a defaulter was a boy; he had been a page of Lord Mandeville, and was introduced as a clerk, to do various kinds of work; I learn that he was promoted gradually till he became the principal responsible person there, and I hear he has run away. My own debenture was 40 *l.*; I left it in at 6 per cent., and I lately had a communication from a gentleman, who takes an interest in the subject, requesting me to send my debentures, to have the matter wound up, as the concern was insolvent. My 40 *l.* had become 82 *l.* odd in the interval. I have now to pay credit in the Belfast Bank in Portadown 42 *l.*; consequently I have lost nearly all the interest.

840. Colonel Greville.] Was the money always lodged in the bank?—While I was among them, the money was lodged in the bank every office evening.

841. Colonel Dunne.] Whose duty was it to see that the money was lodged in the bank?—While I was there the money was sent straight across the street to the bank, and the pass-book was initialed by the bank.

842. By whom was the money sent?—Sometimes I may have brought it myself, for aught I recollect.

843. What office did you hold in the society at that time?—I was one of the trustees, and one of the two persons who worked it.

844. It was sent over, therefore, by whichever member chose to work the Loan Fund at the time?—During the time I was connected with it, there was myself and Mr. Porter who held an office in connexion with Lord Mandeville's estate, present on office days.

845. Are you aware how subsequently that duty was performed?—No; I do not mean to say that he or I always carried the money across to the bank, but we ascertained that it was carried across.

846. In fact it was the duty of those who, to use your own expression, worked it, to see that the money was lodged at the bank?—Yes, I should have felt very uneasy if I had not known it was so lodged at any time during my connexion with the institution.

847. You consider it was a neglect on the part of the managers if they left it to a mere clerk?—Unless they ascertained that he performed the duty.

848. Colonel Greville.] There was a treasurer, was not there, to the fund?—I think the banking company were the treasurers.

849. They exercised no responsibility whatever, did they, further than taking care of the money?—No; they only acknowledged the receipt of the money, I presume, in the usual way, by initialing the pass-book.

850. Are you aware that usually in these societies there is a treasurer who is responsible for the monies, and for the appropriation of them?—I do not know it; I am not acquainted with any other society than that which I was connected with myself.

851. Mr. French.] The question was put to you, whether advances have ever, to your knowledge, been made to tenants to enable them to pay rents; do you see any objection to a small tenant borrowing money to pay his rent, who may wish to keep over his corn, expecting a rise, or to keep over his pig till it is more fit for sale than it is at the time he is called on for payment?—Looking at that question in reference to Loan Funds, I should say it is absolutely inconsistent with the professed principle of Loan Funds.

852. Do you consider it inconsistent with the principle of Loan Funds to lend money to small dealers, to furnish them with capital to enable them to purchase their goods at first cost?—Not so much so; I do not in fact see that that is at all inconsistent with the principle; I understand the principle to be, that the borrower is to make such use of the money as will enable him out of his weekly profits to repay his instalments; of course a small grocer or a small huckster may be able to do that.

853. There would be no objection, you think, to lending money to tradesmen to buy tools or materials for their trade?—There is one objection, which I think

is this; those sort of articles would not be so readily come at in the event of insolvency, to recover the value of the loan.

854. Are you aware that by the Act of Parliament those articles are protected? — If they are, it is an answer, I think, to the question.

855. Would you consider it objectionable to lend money to a labourer to buy a pig to feed from the offal of his house, or to buy poultry or anything by which he might be enabled to make a profit from the borrowed money to repay the loan?—I am not to be supposed, in answering these questions, to be thereby approving of the borrowing at all; but on the supposition of Loan Funds being a thing to be approved of, or being a desirable institution, the money which a man borrows to make money of, is the least objectionable kind of loan: a pig does not seem to me to answer the purpose in the same way that a cow would, because a person might by the weekly sale of the produce of a cow, be enabled to make up his weekly instalments, whereas a pig could only become available when he was in a state of profit; it would answer better for a permanent than a fluctuating loan.

856. With respect to poultry, they would be in the same position as a cow?—Yes.

857. Colonel Grenville.] With regard to advancing money to labourers upon their tools, I understood you to say that the Act of Parliament protecting those tools from being seized in case of insolvency was an answer to the question?—I think so, on the principle on which I understand Loan Funds to be established.

858. In the commencement of your evidence to-day, in referring to loans of 1*l.*, you said they were mostly given to paupers; that people applying for a loan of 1*l.* should be regarded as little better than paupers?—I meant that the smallness of the loan must be considered a test of the means of the borrower.

859. The solvency of the security which the Loan Fund would require from those people, would not be worth much?—The bailmen would be the security the Loan Fund would look to.

860. In the case of money being lent to provide tools for labourers, if they brought two good sureties, they would be in the same position in applying for the money that any other person would?—And so would any man who borrowed the money be as eligible as another if his bailmen, and not himself, were the parties to be looked to; but Loan Fund Societies do not profess to act upon that principle; they expect the borrower to make the weekly payments from the profit of the loan.

861. The labourers who borrowed money for the purpose of purchasing tools would be in the same position as agricultural labourers, would not they?—As far as my personal experience went, although the people were poor, they were not exactly in the rank of agricultural labourers; that is to say, persons whose sole means of livelihood was their labour; they all had small holdings, and they always professed to be borrowing for some reproductive purpose.

862. The sureties were the parties to whom the Loan Fund looked?—In no case would they advance the money without being satisfied of the solvency of the sureties.

863. Chairman.] Before these Loan Funds were set up, used not the people to resort to the pawnbrokers?—Yes.

864. What is your opinion about pawnbrokers; do they conduct their business usually in an honest manner?—My experience is limited as to that; the pawnbroker of the village of Portadown was a very exemplary man; he was a humane and christian man, and I think he carried on his business with great integrity, and considerable feeling.

865. You do not think that persons resorting to his shop were thereby brought into bad society, or into temptations?—No, there was nothing of that kind; but our Loan Fund at Portadown was connected with a *sout de pôté*.

866. That is only a sort of licensed pawnbroker's shop, is it?—Nothing else in reality.

867. Do not you think that many persons avail themselves of a Loan Fund who would be rather ashamed to resort to a pawnbrokers?—No; for I know they pawned their goods to pay their instalments.

868. Are there not many people who would be ashamed to pawn their goods or to resort to a pawnbroker's shop, who nevertheless avail themselves of those Loan Funds for small loans to begin business with, or to continue business?—It is possible.

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869. Then you think it is an accommodation to a class of people who would not be accommodated by the pawnbrokers?—I know nothing of it as a fact; but I can conceive that men would prefer to borrow money rather than to pledge their goods.

870. There is a sort of joke usually passed against a man who has been to a pawnbroker's, is not there?—I think it bears upon the question that there were certain persons who pawned at the *mont de piété* who did not borrow of the Loan Fund.

871. I suppose they looked at the *mont de piété* as rather a superior institution to the pawnbroker's shop?—They were certainly encouraged to think so; with how much justice I cannot say, but the *mont de piété* professed to be a more respectable institution than the pawnbroker's shop; nevertheless, in Portadown, it most remarkably stimulated the trade of the pawnbroker; it and the Loan Fund together.

872. Mr. Fresh. Were the sums so borrowed above 5*l*, which would have been lent by the Loan Fund Society?—No, there were very few people in Portadown who could give pledges to the amount of 5*l*; I mean in that class who would be likely to seek such relief.

873. Chairman. From what you hear, generally speaking, are the pawnbrokers altogether a respectable class of society?—I should think they are not; they are said not to be.

874. As a clergyman, would not you rather that the people in whom you took an interest did not frequent the pawnbroker's shop?—I should say that further than that it is a token of considerable distress, and a sign of somewhat lowered self-respect, I do not see any harm in a man pawning his goods.

875. Is not he likely to get into bad society at the pawnbroker's shop?—I do not know how they manage in pawning their goods, but I suppose the person goes in singly to transact his business with the pawnbroker. I am not aware of there being any assemblage at the pawnbroker's shop.

876. People are apt to connect pawnbrokers with receivers of stolen goods, and there is an idea that you may meet thieves and persons of that class at their shops; do you think that has been generally the case?—I cannot attempt to answer that question; it is a notorious fact, that the pawnbrokers in London do receive stolen goods, we see it stated in the newspapers; but whether the persons who go there to pledge goods honestly come by, must meet with thieves, I cannot say.

877. Do not you think that if a tradesman wants a small loan he had better go to a Loan Fund Society than to a place where he might possibly meet with thieves and receivers of stolen goods, and others of that class?—I can only say that, of course, it is better for a man to go where he would meet with good company than bad.

878. Do you know if there were many private money-lenders in that part of the country about Portadown?—There were many of them.

879. Who used to lend money on usurious terms?—Grievously usurious.

880. Can you say on what terms they used to lend money to poor people?—Not with accuracy; it was not so much the lending money, though that was common, as the selling of goods on trust; they have a common name in that country; they are called meal-bankers.

881. Used not they to charge most usurious profits?—Yes.

882. On the whole, would not it be much better for a poor man to go to a Loan Fund, and borrow his one or two pounds even at the high rate of interest you have mentioned, and then buy what he needs, paying down ready money, than to go to one of these meal-bankers and pay twice or three times as much as the goods are worth?—That was the great argument employed to induce me to assist in getting up the Loan Fund; it was when I came to compare the cost of resorting to a Loan Fund with the benefit derived from it by the borrower, I was induced to doubt whether it was conferring any advantage on the people; I should say that a countryman would hardly pay more than 130 per cent. on a hundredweight of meal.

883. If these meal-bankers and other people of that kind once get country people in their powers we know they have a great hold upon them?—That was actually the case with the Loan Fund; it became, as far as my experience went, a complete system of "kiting." There was a sister society in the neighbourhood, at Tanderagee; though I had no personal knowledge of it, yet I know Mr. Porter

was

was the principal manager there also, and I have every reason to believe it was carried on in the same way, and with the same results.

884. You said just now, that you objected to loans being made to the Irish upon any terms whatever; you think they are better without any loans, do you?—Without money loans.

885. Do you apply that observation to the Irish in particular, or to the poor people of other countries also?—I know very little of the social habits of the English peasantry, and therefore I should prefer to confine my observations to the people I know best; at the same time I think it very doubtful whether that class of people are fit to be trusted with opportunities of speculating; I question the advantage of attempting to confer benefits by means of speculation, which is the essence of the theory of Loan Funds.

886. You have doubtless often heard of the Irish labourers coming home after having been employed in England, and having saved perhaps 5*l.* or 6*l.*, which is a good deal of money to them; I suppose that has often happened within your knowledge?—I think it has; perhaps not often; because our peasantry, in the part of the country I was speaking of, are a manufacturing peasantry; they are chiefly weavers, and they do not go in such numbers to England, during the harvest, as from some other parts of the country; and when you speak of their savings, you must bear in mind, that their savings are only saved to come home with. In judging of their providence, you must inquire what they do with them when they do come home; they may buy a new coat, or something of this kind, at the end of the year; but you never find any provision for sickness, or for a fall of wages, or loss of work, or a rise in the markets.

887. Do not you find such a provision to be made among the weavers in the north of Ireland?—No; no one can tell better than the honourable Member for Newry, that when there is a failure of work, they are as badly off as any.

888. You think they live up to their wages quite as much as the English?—Yes, quite.

889. Mr. *French*.] Are they, generally speaking, in the habit of living upon what they raise themselves?—No; they raise chiefly potatoes, and of these not more than will keep them two or three months of the year.

890. Are they in the habit of providing their own fuel?—Where bog is abundant they cut their own turf; but even as to that there is a difficulty; where they are cottiers under a farmer, the landlord seldom gives permission to the farmer to let his cottiers cut the turf.

891. *Chairman*.] Do you think that the hoarding of money takes place to any extent among the poor people?—Very rarely indeed; I do not believe it.

892. Do you think the class of people who borrow money from Loan Fund Societies are, generally speaking, so improvident where they are certain that repayment will be exacted?—The fact, is they were improvident; while, at the same time, within my knowledge, they had frequent practical demonstrations that repayment would be exacted.

893. In the case of the more provident borrowers, did not you find that the system, where it was continued, was often a very great accommodation?—I doubt the fact.

894. In calculating just now the amount of the charges upon the borrowers, you spoke of 1*s.* being given to each of the hailmen; do you think, in the majority of instances that was practically given, or do not you think that the hailmen were generally in a class of society who would be above taking the 1*s.*?—That question induces me to reconsider my former answer; I apprehend it was more commonly given in one shape or other than I was disposed to make allowance for; when it was not given in cash it was given in the shape of a treat.

895. Mr. *Kirk*.] Was it at all uncommon to find that the man who brought his two hailmen to the bank, agreed to give his own labour or the labour of his wife or daughter at harvest time, as a compensation for the obligation?—I have no knowledge of that, it is a very likely thing I think.

896. You were asked whether you were aware that persons who sold meal sold it at three times the market price; are you aware that anything like three times the price was ever charged?—I can scarcely speak with such precision as you require; I have no doubt that double the market price was a very common rate, and I should not be incredulous if I were told it was three times.

897. *Chairman*.] You said just now that you estimated that the 20 journeys
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to repay the instalments cost the borrower 1*d.* each journey, and you did so because you had known a man occasionally pay 1*d.* to the clerk to take his instalment after hours, if the clerk were to refuse to take it the man would have to pay 2*d.* in the 1*l.* for every 1*l.* he had borrowed, would not he?—Yes.

898. By paying 1*d.* he escapes the increased fine which he would have to pay the next week?—Yes.

899. He does that, therefore, in reality, rather to escape the increased fine the next week than to save himself a journey?—If he is tardy he pays it to save the increased fine the next week; but upon the fact of his being tardy at all I base my calculation of 1*d.*; he deliberately incurs the fine of 1*d.* to save his day.

900. Do you think he deliberately incurs the fine, or does he come only late by accident?—It was from my knowing that many of them have deliberately incurred the fine that I spoke.

901. You might almost, therefore, put it at 2*d.* instead of 1*d.*, he paid 1*d.* for being after hours, and he paid 1*d.* as a bribe to the clerk?—That we found out, and stopped. There was always an item under the head of "Profit and Loss." There might be sometimes 6*d.* we could not account for on the wrong side of the books, and sometimes 1*s.*, and those fines on the other side of the book. In fact we always had a closing item of "Profit and Loss," which the fines generally kept on the right side.

902. Mr. French.] Are you aware whether Mr. Hutton sanctioned the imposition of that fine in your bye-rules?—My recollection does not go to our having had any sanction from any one; we may have had; I do not recollect any reference to Mr. Hutton.

903. Chairman.] Even taking into account the high rate of interest, which was 130 per cent. per annum for 1*l.*, and less according as the sum increased, do not you think that small traders and small labourers often turn over their money very rapidly when they employ their capital themselves?—To suppose they do, would be to suppose that they were really a thriving class, and I do not think they are.

904. About harvest time a man might want to borrow money to buy a sickle; if he had not that sickle his labour would be lost?—A sickle costs only about 1*s.* 6*d.*

905. Or a scythe?—A scythe is 2*s.* 6*d.*

906. He might wish to buy a sickle for himself and two or three brothers, which, if he could not, the profits of their labour would be lost?—Loan Funds do not contemplate such low loans as would be applicable to that kind of implement; on the other hand, we are to consider that we are investigating the benefit on the whole of these institutions, and it would still remain to be considered whether such small advantages as the question contemplates are worth the obvious disadvantages.

907. We may think them small advantages, but they are not small to a man who has to keep his family out of those small advantages?—To afford those advantages to that limited class of people, you present the temptation which I have been condemning to a still larger class; it is the good of the institution on the whole we are to look to.

908. Many people may, in spite of the high rate of interest they pay, make a profit, may not they, or save themselves from a loss more than counterbalancing it?—Practically, I never knew anything of the kind.

909. Suppose a carrier wants money to buy a horse?—That would be the very species of loan which the establishment of Loan Funds would contemplate.

910. If he could not buy the horse he would be himself thrown out of employment for some time to come?—I think it is undeniable that individual cases may have arisen in which the parties have fairly paid their instalments and made their own, whatever they had invested the money in. I can conceive of a man borrowing money to buy a cow and paying his 5*s.* a week out of the butter or the milk, and at the end of the time, having the cow to himself; but what I understand the whole of this examination to apply to is, the general result; I can give no particular instances of advantage.

911. If all people were perfectly provident and endeavoured to make the best use they could of their money, might not they make a profit very often to cover this high rate of interest?—I have already said it is possible; but if all the people were provident, I question if there would be any necessity for Loan Funds

Funds at all; I think transactions to any extent, under such circumstances, as I have expressed my opinion belong to Loan Funds, could not in the long run succeed.

912. It was stated by a witness the other day that small traders frequently turn over their money as often as once a fortnight, is that your impression?—I cannot answer the question from my own knowledge. Looking to the class of people to whom the question applies, I could scarcely credit it in the parts of the country I am acquainted with.

913. If they were to turn over their money once a fortnight they would be great gainers by borrowing, would not they, even at a high rate of interest?—A person carrying on a trade so successfully as that, I should think, would seek to borrow money far beyond the amount of 5*l.* or 10*l.* I know butter merchants in the town in which I reside who have sprung from nothing, but who have realized considerable amounts of money from accommodations supplied to them by banks, but that is supplied in a very different form from this. I do not think the class of people with whom I came in contact, as borrowers, at the Portadown Loan Fund, were people who turned over their capital in the way you describe, or would have been capable of it.

914. Mr. French.] At what rate was the accommodation given by the banks to those butter merchants you mention?—I rather think at the usual rate.

915. What do you consider to be the usual rate?—I am told 6 per cent.; but personally, I am not acquainted with the fact.

916. Chairman.] Do you think, generally speaking, the loans were made for reproductive purposes?—It is my impression that they were not.

917. Do you think they were often squandered away in riotous living?—I have no reason to think that; within my own knowledge, the repayment of debt was a very common thing, and I have good grounds for believing that the payment of rent was not unusual.

918. The repayment of debt, to a certain extent, might be a reproductive purpose, inasmuch as it might prevent a man's stock in trade being seized?—That is true.

919. Would not you consider it a reproductive purpose if it saved his stock in trade from being seized?—I do not think it would be so in the sense in which that term is used by the Loan Fund Societies; I understand the meaning of "reproductive" as employed in the phraseology of Loan Funds, to mean money which a man would invest to repay, out of its immediate profits, the weekly instalments.

920. In reality, does not it come to just the same as if the creditors seized his stock, and he bought the stock from the creditor?—He would then be possessed of capital upon which the Loan Fund Society might come; but he would not be making money with which to pay them, and in the long run to realise his own; he would be placing the Loan Fund Society in the position of his former creditor.

921. He would be enabling himself to continue the business and employ his time in reproductive purposes, would not he?—He would be exchanging the creditor of immediate urgency for a creditor who would enforce his claim 20 weeks hence.

922. Is it not the case that a man's time cannot often be employed profitably unless he has a small capital to trade on; if a carrier loses his horse he cannot employ his time unless he has the means to buy another?—Yes; but I have been all along contemplating really that upon which I understand the system of Loan Funds to be based, namely, that loans are given for the purpose of rapidly profitable investment, so that out of the profits of the loan it should be repaid, leaving itself as capital to be the man's own.

923. Are not you aware that the cause of an investment being rapidly profitable is, that the man employs his own labour also, so that he gets the wages of the labour, and the profit upon the capital?—Not necessarily; supposing a man purchases a cow, you can scarcely calculate upon the man's own labour; the wife milks the cow and churns the butter.

924. His wife's labour would be lost if he had not bought the cow?—That small amount of labour would; I cannot see that borrowing money to repay the debt, thereby substituting the Loan Fund Society for a more urgent creditor, at all means the same thing; however it may practically issue in the same result, as borrowing money to be invested for the production of profits.

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925. If it saves a loss of profit, it is as beneficial to the borrower as if it brought fresh profit, is not it?—That may be so, and yet it may not be consistent with the theory upon which the Legislature instituted these Loan Funds.

926. You said just now that it was your impression that these Loan Funds were very often resorted to for the purpose of paying rents; supposing a person just before rent day had invested his spare cash in some reproductive purpose, and had availed himself of a Loan Fund to meet an immediate demand upon him, would not that be in reality a reproductive loan, inasmuch as it enabled him to capitalise cash, which he otherwise could not have done?—Certainly; but we must deal with the facts, and the class of people I have in my view would speak of the money as being borrowed to pay the rent.

927. Supposing the man, before rent-day came, was to invest the cash he had, and which would enable him to pay the rent, in buying a pig, or some such investment of which he could make a profit in a short time, and then were to come to the Loan Fund Office, say the day before the rent-day, to obtain the money to pay his rent, would not that be, practically, an employment of the money for reproductive purposes?—Yes. But I have already answered a question relative to pigs as an investment consistent with the Loan Fund system.

928. Do not you think that that may often have been done by persons who were said to avail themselves of the Loan Fund Society to pay their rent?—I do not believe it was so; I do not think it was a provident class of people who borrowed money to pay their rent.

929. I suppose it is the case with even a large class of farmers throughout the United Kingdom, that they avail themselves occasionally of the accommodation of a bank to prevent their having to part with their stock at a disadvantage?—No doubt of it.

930. Is there any reason why those small farmers should not avail themselves of a Reproductive Loan Fund in the same manner?—That question involves another consideration already adverted to, namely, what people ultimately retain as the result of the loan; of course there is a great difference in men's enterprise, and energy, and discretion, and all the other ingredients which are necessary for safe speculation; and in these respects the difference is vast between the peasantry and that substantial class of farmers to whom the question refers.

931. Those small farmers are capitalists in their own way; their pig or their calf is their capital?—Yes, and their moral qualifications are their capital too, and I think they break down as regards that.

932. Do you think they break down in their moral qualifications so much as not to be entrusted with credit?—Not if you use the words "moral qualifications" in the sense of honesty; I think they break down in the larger sense I have given to the words "moral qualifications;" I do not think they are fit to be trusted to speculate, not from a want of honesty, but from a want of other qualities, a want of steadiness, of judgment and discretion; and they have naturally adventurous spirit which deprives them in a great measure of their discretion upon these subjects.

933. If it deprives them of their discretion, does not it often stimulate them to enterprise, by which they obtain large profits?—That is gambling, which I suppose the legislature does not contemplate as a thing to be encouraged.

934. You said you were for some time a trustee or manager of the Portadown Loan Fund; how long did you continue in that capacity?—About six months.

935. What made you leave it?—The first thing that led me to leave it was this; I happened to be parochially visiting the pawnbroker I have referred to; I was speaking to him, or rather he began to talk to me about his proceedings; he boasted to me that his trade had received a most extraordinary stimulus; I doubted the fact, and he showed me his books, and proved to me, that during the year in which the *mont de piété* had been opened, his pledges had increased in number 1,776 above the preceding year, and the capital he had invested had increased 250*l*.

936. Colonel Greville.] What was the number of deposits he had previously?—I do not recollect that; I know it struck me at the time as being a prodigious increase. This led me to consider the absurdity of the institution of the *mont de piété*, for instead of doing good it did harm, and I made an attempt to induce Mr. Porter and the other members of the trust to give up the *mont de piété* altogether. I was unsuccessful in inducing them to do so, and they determined to pursue the united system, and this rather rendered me indifferent to the Loan Fund;

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Fund; it made me less anxious about it than I had been before, and it also led me to look into the whole of the subject, and to go more particularly into those calculations which I have given to-day. In the meanwhile, there happened to be a considerable increase in the number of defalcations, and several of my own parishioners, and the small class of borrowers and people in poor circumstances, represented to me the ruin which we had brought upon them. When I made those calculations, I found the thing was so monstrous, that I determined to resign it altogether, and I accordingly did so.

937. It was from general disapproval of the principle of Loan Funds, and not from any mismanagement, that you resigned your connexion with the society?—There was no mismanagement, on the contrary the management at that time appeared to be most successful.

938. How long did the Portadown Loan Fund exist?—I think they are only winding-up now.

939. Did not the Board, some time ago, send down a solicitor to inquire into the circumstances of the Portadown Loan Fund?—I do not know.

940. You said that the Loan Fund Societies, both in Portadown and in Tandragee, were instituted by Mr. Porter, the agent to the Duke of Manchester; is he in the country now?—I understand he is in New Zealand; he has ceased to be connected with it, and I think it very likely that the smash of the Portadown Fund may have arisen from his absence. He was a very practical sharp-sighted man.

941. Chairman.] You said just now that for a person to borrow money from a Loan Fund Society to pay rent with, you thought was inconsistent with the principle of Loan Funds; do you regard Loan Funds as a strictly charitable institution, or as a commercial institution, or as a mixture of both?—Strictly charitable, I understand them to be.

942. Your observations about them are made on the supposition that they are strictly charitable institutions?—Strictly so; philanthropic institutions.

943. Do not you think it is the tendency of every charitable institution to run into abuse, after the original purpose of its establishment ceases to exist?—I think it is the tendency of all institutions to run into abuse.

944. Strictly charitable institutions particularly?—I cannot say that it is their tendency particularly, more than that of any other. I think there is a natural tendency in mankind to run into abuse.

945. A commercial institution is generally more strictly managed with regard to the question of profit and loss?—As contrasted with commercial institutions, I admit the inference; of course an institution in which the managers have not a personal interest is more likely to run into abuse from neglect.

946. On the whole, have you ever known any strictly charitable institution which did not end by doing more harm than good?—I could not answer that question at all.

947. Do you know anything about the clerk of the Portadown Loan Fund?—I knew him as a boy, when he was first introduced into the institution; he was then about 15 or 16 years of age; I have not known anything of him since.

948. Do you know anything of him now?—No; I have understood that he has absconded.

949. Colonel Dumas.] You say that many of these Loan Fund Societies were used as the means of paying rent; do you know of any instance, or do you believe there has been any instance in which these societies were established by landlords for the purpose of paying their own rent?—No; but the reason why I answered the question as I did, in reference to the Portadown Loan Fund, was rather from what I have heard and believe than from any personal knowledge of my own; there were some instances, while I was connected with it, in which we traced the loan to that purpose; but I do not think it would be for rent payable to the landlord, properly speaking. Subsequently, in 1847, there was a charge brought against the Portadown Loan Fund that, in fact, it was the rent office of the Tandragee estate, the Duke of Manchester's estate.

950. It is a serious charge, and I desire to know whether you are of opinion that that charge is well founded?—To say that I am of that opinion from facts within my own knowledge, would be saying too much; I know the individual who urged the charge, and pursued it to an investigation, and a very shrewd and clever man he is, and I should be disposed to rely a good deal upon results traced out by him; the charge was tried before Mr. Piesse, and it did not satisfy

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me that the Loan Fund was morally acquitted, though I believe it was technically so.

951. You mentioned, also, that you had an objection to the union of small farms with linen weaving; you think it a bad system that a man who is a linen-weaver should also have a farm?—Yes.

952. Are you aware of what was called *conacre* in Ireland?—Not practically; in our country it does not prevail.

953. You know enough of it to know that it was a means by which people who had not land, hired land for a time to raise the crop?—Yes.

954. You condemn that system?—I think that was a very improvident system.

955. Are you aware of a system which is now introduced very extensively in England called the allotment system?—Yes, garden allotments.

956. Does not that system resemble, to a certain extent, the small pieces of land held by weavers in Ireland?—No; if I understand garden allotments, they are what their name imports, gardens; I am speaking of a man calling himself a farmer at the same time that he is a weaver.

957. You would not object to a small plot of land being held by those weavers?—No.

958. Are you aware what is the average extent of land held by weavers in the north of Ireland?—Not generally speaking; the weavers are divisible into two classes, there are farmers under the head landlords, whose families weave, they themselves having holdings to the amount of five or six acres, seldom to the extent of 10 acres; and then there are weavers who are merely cottiers under the farmers; the cottier weaver, I think, makes a most improvident bargain by having land, because they all pay extravagant rents to their landlords; rent which, if the genius of the country charged, they would raise a rebellion; the men who would rebel most do not scruple to charge in that way their own under-tenants.

959. If those men had that land at a reasonable rate, do you think it would be of any use to them in supporting their families?—I have often endeavoured to induce them to enter into a calculation with me on the subject, comparing their average wages as weavers, supposing they could put what they save into a box to buy food with in the market, with what they pay in buying seed, and providing labour, and giving their own labour, which might be employed in their own trade, taking into account also the risk of the crop failing, it always appeared to me that they would be richer by confining themselves to their trade.

960. What extent of land do these cottiers generally hold; do they hold more than an acre?—Not more than two acres at the outside.

961. Are you aware of the extent of the allotments in England?—I understood they were in rods.

962. Are you aware of the prices paid for those garden allotments in England?—No; I thought there was scarcely anything but a nominal rent paid; I thought they were let merely as a matter of benevolence; I understood it to be a philanthropic speculation of the gentry.

963. *Chairman.*] You said that the English allotment system differed from the small farms held by those weavers, inasmuch as they are gardens in England, and not farms; do not you think that the cultivation of land on a small scale, say to the extent of one or two acres by one person, almost always, more or less, partakes of the character of garden cultivation?—Inasmuch as it is spade cultivation, it does, but it was with respect to its being a profitable cultivation, or as the most economical means of providing part of their food, I was looking at it; I do not understand those gardens to be regarded as an assistance in maintaining a man's family, but as a means of healthful occupation of the man's leisure time, and also raising a few luxuries, perhaps.

964. You were just now referring to the profit or loss of a man holding one or two acres, and you take into account the labour employed in cultivating; does not he often employ his children in cultivating such a plot of land, who would be idle?—No; in the parts of the north of Ireland I am acquainted with, any young person who was able to cultivate a garden would be employed certainly in the trade of the family.

965. *Mr. Kirk.*] Is not it the fact, that those persons are obliged to hire, at a very high rate, men to plough and sow their ground, and that very often those wages are materially increased by the payment of them being deferred till the crop comes off the ground?—Or by their being obliged to pay it in manual labour

labour themselves, perhaps at the very moment when their own trade would be the most profitable.

966. Mr. French.] If they borrowed money from the Loan Fund to enable them to pay the wages of those persons, or for the hire of ploughs, would not that objection be very considerably diminished?—That particular form of objection would be done away with; but all the objections I have already urged as to the speculative character of Loan Funds would be brought to bear; because, after all, the result would depend upon the crop; for instance, in the famine year it was ruin.

Rev. C. E. Irish.

10 May 1855.

Martis, 15^e die Maii, 1855.

MEMBERS PRESENT:

Mr. Pollard Urquhart.
Mr. French.
Mr. Kirk.
Colonel Dunne.

Colonel Greville.
Dr. Brady.
Mr. John Abel Smith.

POLLARD URQUHART, Esq., IN THE CHAIR.

Francis Robert Bertolacci, Esq., called in; and further Examined.

967. Mr. French.] THERE seems to be some doubt as to the actual amount of the residue of the money lodged in the Treasury by the Reproductive Association in London; can you tell us accurately what amount of money is now in the hands of the Treasury?—From which portion of the fund do you mean?

F. R. Bertolacci,
Esq.

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968. I mean from all; here is the Return which is before Parliament, the last return we had, and it may assist you by having that Return to look at—[*handing the same to the Witness*]—That is to December 1853. There is a subsequent one to this deposited. My connexion with the Irish Reproductive Loan Fund terminated in March 1854. I have an account, similar to that made up to the 31st December 1853, to the 12th of June 1854. Subsequently to that date, the Treasury adopted a different minute to that which had been previously passed for the administration of the fund, by which such accounts in detail would be kept by the Paymaster of Civil Services in Ireland, and by the Paymaster-general in London. I will try to give you what information I can on this subject. May I ask, is my evidence before you that I corrected?

969. Mr. Kirk.] Here it is—[*handing a printed copy to the Witness*]—I think you will find the whole stated in what I sent in to the Committee. This is not the copy as amended. I can give you the exact sums that were transferred.

970. Mr. French.] I want to know the exact sum now in the hands of the Treasury?—The clerk entrusted with the making out of these statements has not been able to make them up yet. I can give it up to June 1854; but since June 1854 there have been disbursements made by the Treasury, of which I have no cognizance.

971. Tell us what it was in June 1854?—I ought to mention, for fear of leading to any mistakes, the Treasury make up their accounts to the 31st of December in each year; therefore those amounts, which are included from December 1853 to June the 12th, 1854, may also be included in the subsequent return which you will receive from the Treasury up to December 1854. The balance remaining available at the disposal of the Treasury on the 12th of June 1854, taking into account the value of stock at the market price of that day, and also such profit as would have accrued by the disposal of the funded property upon that day above the rate at which it was purchased, would have left 41,193*l.* 6*s.* 6*d.*

972. Colonel Greville.] I understand you to say, that there were in the hands
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F. R. Bervinck,
Esq.
15 May 1855.

of the Treasury, or available by them, the sum of 41,193 *l.* 6 *s.* 6 *d.*, being money and stock, and taking the value of the stock according to the market price of that day, the 12th of June 1854; I wish to know which is the correct answer, because the one is different from the other; do you value the 41,193 *l.* 6 *s.* 6 *d.* according to the market price of the day, or is it according to the calculation which you made just now, because it makes a material difference; do you wish to amend your answer; and I ask whether you conveyed an impression which you did not intend with regard to the value of the stock, whether it is according to the market price of the day, or the cost to the Treasury?—It is according to the market price of the day; and I will explain it if you will allow me.

973. *Mr. French.*] Let me know the items of the 41,193 *l.* 6 *s.* 6 *d.*; what is it composed of?—That is composed of balance of fund originally granted to the Board in London, 5,703 *l.* 6 *s.* 1 *d.*; that is one item.

974. *Mr. J. A. Smith.*] Money?—Yes, 28,321 *l.* 4 *s.* 3 *d.*. Balance of sums repaid by Loan Fund trustees in Ireland, that is to say, it is in cash and in cash value of stock.

975. Is this money?—Yes, cash and cash value of stock.

976. Is that to be added to the previous sum?—Yes. Balance of money applicable to the establishment of agricultural schools, 130 *l.* 0 *s.* 5 *d.*. Balance of money granted for the promotion of fisheries in Ireland, 876 *l.* 6 *s.* 1 *d.*; Balance of additional capital to the fund originally appropriated to Ireland, by interest on investments, 5,199 *l.* 4 *s.* 6 *d.*. Increased value of investments of sums collected in Ireland, 963 *l.* 5 *s.* 2 *d.*.

977. Is that all?—That is all.

978. What is the total?—£. 41,193 *l.* 6 *s.* 6 *d.*.

979. Those are the items composing that balance of 41,193 *l.* 6 *s.* 6 *d.*?—Yes.

980. In what shape was that sum of 41,193 *l.* 6 *s.* 6 *d.*; where was it, and in what shape?—There was a balance in the hands of the paymaster-general of 1,020 *l.* 6 *s.* 8 *d.*; there was a balance in the hands of the Paymaster of Civil Services in Ireland of 200 *l.* 14 *s.* 9 *d.*; there was a credit to cash, on account of purchase of stock of 39,008 *l.* 19 *s.* 11 *d.*; that is to say, cash converted into stock.

981. *Dr. Brady.*] You merely put down the money you give for the stock?—Yes, and the last-mentioned sum is the amount of cash which remained invested in stock and Exchequer Bills after some sales of stock had taken place.

982. *Mr. J. A. Smith.*] Do you know what amount of stock you held?—Yes, and what I have given you in the hands of the paymaster is the balance in hand, and this is a balance of cash invested on the stock account of what was bought and sold, leaving so much to the credit.

983. How much stock did you hold on that day?—£. 27,206. 16 *s.* 1 *d.* for cash amounting to 39,008 *l.* 19 *s.* 11 *d.*.

984. I ask you how much stock did that represent?—This is the balance remaining to the credit of cash on account of stock.

985. What is your fourth item?—Profit by increased value of investments, 963 *l.* 5 *s.* 2 *d.*; you will find that will make up the balance.

986. *Colonel Greville.*] Is that the whole?—Yes; that shows how the 41,193 *l.* 6 *s.* 6 *d.* is made up.

987. *Mr. J. A. Smith.*] You have told the Committee what your balance was, and what it was composed of; you have got one question more to answer; what was the amount of stock represented by 39,008 *l.* 19 *s.* 11 *d.* and 963 *l.* 5 *s.* 2 *d.*, the profit?—This last sum has no reference to the amount of stock, but is the sum variable according to the market price of the day.

988. *Colonel Greville.*] The last account you gave is on the 12th of June 1854, those four sums?—The 12th of June 1854 the account is made up to.

989. *Mr. Kirk.*] Was the stock held on the 12th of June 1854, the same as that held on the 31st of December 1853, as contained in the subsidiary statement, No. 7?—No.

990. There appeared to have been stock sold by that account?—Yes, a sale of 4,400 *l.* stock sold, producing 4,006 *l.* 0 *s.* 8 *d.*.

991. Can you give the answer now?—The balance of stock was 27,206 *l.* 16 *s.* 1 *d.* funded stock; I mean in contradistinction from Exchequer bills; there are Exchequer bills 14,800 *l.*, and that makes up the total sum invested, that is to say, the balance of the investments.

992. *Colonel*

992. Colonel *Greville*.] This 27,206 *l.* 16 *s.* 1 *d.* is stock?—Yes; there is Exchequer Bills 14,800 *l.* to be added to that.

993. Mr. *Kirk*.] This is the gross stock?—Yes; that is, taking Exchequer bills as stock.

994. Colonel *Greville*.] Is that 27,206 *l.* 16 *s.* 1 *d.* stock the stock itself, or the cash value of the stock?—The stock itself.

995. Dr. *Brady*.] Between stock and Exchequer bills you have 42,206 *l.* 16 *s.* 1 *d.*?—Yes, which represents 39,008 *l.* 19 *s.* 11 *d.*, the balance of cash invested.

996. Mr. *Kirk*.] Where and from whom are we to acquire the knowledge of what the actual balance now is or was, on the 31st of December; I suppose the 31st of March would be the last making up of the account?—No, under the Act of Parliament it is made up to the 31st of December in each year. There is one thing I wish to put on the records of the Committee, and that is, that though my appointment was in terms to collect the funds vested in the Her Majesty, and otherwise to carry out the provisions of the Act of Parliament, yet, in point of fact, no moneys have ever come through my hand, and I have in no manner, directly or indirectly, ever received any cash as an accountant; I have received no sums but those which have been paid to me on account of salary, travelling expenses, or incidental items, connected with the management of the fund.

F. R. Bertie,
Esq.

15 May 1855.

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